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THE TIMES

China: The great wall
of gullibility,
Bernard Levin, page 14

Dr Kaunda declares 'state of war' with Smith regime

Dr Kaunda of Zambia last declared that his country was in a state of war with Rhodesia being warned by Britain that it was threatening to make an amphibious strike. Zambia's army is on full alert, arms have been moved to the border and orders have been issued to shoot down Rhodesian aircraft. Rhodesian troops crossed the Botswana frontier yesterday in what was described as a hot pursuit operation. They withdrew after two and a half hours.

Zambia alerted by Foreign Office

Mr. Callaghan, the Prime Minister, has alerted Zambia to a "pre-emptive" strike by Rhodesia. He has warned that Rhodesia is planning a major military action against Zambia. Mr. Callaghan said that he had received a message from Mr. Smith, the Rhodesian Prime Minister, stating that Rhodesia was preparing to launch a surprise attack on Zambia. Mr. Callaghan said that he had taken this message very seriously and had immediately alerted the British Government to the situation. He said that the British Government was now in a state of high alert and was ready to take any necessary action to support Zambia. Mr. Callaghan also said that he had urged Mr. Smith to withdraw his troops from the border and to return to Rhodesia. He said that he had made it clear to Mr. Smith that the British Government would not tolerate any further aggression against Zambia.

Rhodesian raid into Botswana in 'hot pursuit' operation

Michael Knipe, a Rhodesian soldier, was killed in a raid into Botswana. The raid was described as a "hot pursuit" operation. Rhodesian forces were pursuing a group of guerrillas who had crossed the border from Rhodesia into Botswana. The guerrillas were armed and were carrying out a campaign of sabotage and terrorism. Rhodesian forces were alerted to the presence of the guerrillas and launched a pursuit. The guerrillas were shot at and one of them was killed. The Rhodesian soldier, Michael Knipe, was also killed. The raid was described as a "hot pursuit" operation because the Rhodesian forces were pursuing the guerrillas as they fled across the border.

Experts stress need for consumer countries to develop alternative fuels by the 1980s World oil shortage poses threat of political confrontation

By Roger Mielovsky
Energy Correspondent
The main energy-consuming countries of the world have been given another stern warning that they must take immediate steps to develop alternatives to oil or face major political and social difficulties which could make energy a focus for confrontation and conflict.
A two-year study by the World Energy Conference, published yesterday, forecasts that oil production could fall to meet demand as early as 1981 if Saudi Arabia, Kuwait and Abu Dhabi kept their production peaked at present levels.
And even if Saudi Arabia allowed its output to soar from nine million to 20 million barrels a day, the world oil shortage would only be delayed until 1983.
In the case of high economic growth, world energy demand by the end of the century was likely to be the equivalent of more than 200 million barrels of oil a day. Even if growth was lower it would still be 130 million barrels a day compared with the current 80 million.
An energy gap was inevitable: the only uncertain factor was whether it appeared in 1981, 1990 or 2004, and grew from 1.8 million to 20 million barrels a day.
Professor Sir William Hawtrey, Master of Churchill College, Cambridge, and one of the British participants in the study, said that as oil production peaked and then declined, alternative fuels would be needed on an enormous scale.
Coal and nuclear energy, combined with vigorous conservation, would have to fill this gap as other new sources like solar, wind or wave power were unlikely to make a significant contribution before the end of the century.
Large investments with long lead times were required to produce these fuels on a scale large enough to replace oil as the world's dominant energy source.
The basic danger, said Sir William, was that the situation could become critical before it became serious.
Most governments and businesses made projections for planning purposes only five or ten years ahead. Energy gaps which opened beyond 1985 were invisible, or if perceived, were turned aside in the hope that something would turn up.
The study had failed to identify anything that would "turn up" and make a significant change in the situation.
Apart from stressing the need for greater international co-operation, planning, intensive engineering efforts and major capital investments, WEAES was identifying the problems for the future and leaving the detailed methods of solving them to governments.
Failure to recognize the importance and validity of its findings and act accordingly could be substantially costly.
Continued on page 17, col 6



Captain Nairac in the Ardoyne area of Belfast three months ago.

IRA admits killing Capt Nairac

This young army captain whom the Provisional IRA said it had kidnapped and killed was on a difficult military operation. Brigadier David Woodford, commander of 3 Infantry Brigade in Northern Ireland, said yesterday that the IRA had admitted the killing of Captain Robert Nairac, aged 29, of the Grenadier Guards, who was on duty in the Ardoyne area of Belfast. Captain Nairac was wearing a donkey jacket, a pullover, flared grey trousers and worn brown suede shoes. He had a concealed 9mm pistol.
Colleagues described him as a shy and tough professional soldier, but he spoke with an Oxford accent which would have drawn attention to him in a south Armagh public house. It is understood that Captain Nairac had been in the area for some time. He was going to a public house in the area. But he was listed as missing when he failed to make an expected late night radio call to his headquarters.
The first battalion of the Provisional IRA in south Armagh said yesterday: "We arrested him on Saturday night and executed him after interrogation in which he admitted he was an SAS man."
"Our intelligence had a number of photographs in their possession, and the late captain had been recognized from them."
Captain Nairac's death, if confirmed, will be the second tragedy to befall his parents, who have been anxiously awaiting news of their son's return from his military service. His brother, David, who was a doctor at St Bartholomew's Hospital in London, died at the hospital in 1962 after a mysterious illness.
Captain Nairac's sister, Rosemary, said yesterday: "We have heard the claims of the IRA to have murdered my brother although there has been no confirmation of this fact. We have been very moved by Cardinal Hume's appeal calling for my brother's safe return and we can only continue to hope and pray." That was a reference to an appeal by Cardinal Hume, Archbishop of Westminster and former Abbot of Ampleforth, where Captain Nairac went to school.
Miss Nairac continued: "Since he has always loved Ireland and the Irish it is ironic that he may have died while trying to contribute to peace in Ireland. It is a sad day for me and my family."

Lobby system in doubt after Callaghan statement on envoy

By Hugh Noyes
Parliamentary Correspondent
Westminster
Mr. Callaghan, the Government, Sir Peter Ramsbotham and Mr. Tom McCaffrey, the Downing Street press secretary, will certainly survive the appointment of Mr. Peter Jay, the Prime Minister's son-in-law, as British Ambassador in Washington.
Less certain, after Mr. Callaghan's statement in the Commons yesterday on the alleged smear campaign against Sir Peter, the present ambassador in Washington, is whether the practice of confidential briefings known as the lobby system will continue much longer.
That method of leaking news to selected journalists in a manner that is supposed to disguise the source of the information, which can be instantly denied by the Government if the response is not to its liking, has been criticized by politicians and journalists alike. Suspended briefly by Mr. Joe Baines during the regime of Sir Harold Wilson, it began again when Mr. Callaghan moved into Number 10.
Whatever may or may not have been said, either at the official part of the unofficial briefing last Thursday, or in private conversations afterwards, Mr. Callaghan made clear yesterday that newspaper reports reflected neither his nor the Government's judgment of Sir Peter Ramsbotham.
The Prime Minister left MPs in no doubt of his deep displeasure at the whole unsavoury episode. He said that because of his concern and regard for Sir Peter he had telephoned the ambassador after the first newspaper reports had appeared on Thursday to assure him of his confidence.
Sir Peter had served with distinction, and Mr. Callaghan decided that any smear campaign was launched by the Government. He had examined the account of the official briefing at Number 10 on Thursday morning, and that contained an offensive personal reference to Sir Peter. Mr. McCaffrey issued a personal statement to that effect on Friday morning.
Mr. Callaghan said it was impossible to prove or disprove what was said in private conversations that might have followed the official briefing.
Parliamentary report, page 6
US honour for envoy, page 8
Letters, page 15

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IRA ath lists

IRA assassination lists found at a house in Brixton contained the names of politicians, civil servants, military and senior police officers. The lists were found by the Central Criminal Court where the trial of four people on charges began. The prosecution said that the lists were wanted acts were rated in so-called assassination lists against the Prime Minister, Sir James Callaghan, who was to be killed in a car bombing in the Midlands.

Syrians killed in Lebanon

wing sources claim that 27 Syrian soldiers were killed during the weekend of fighting in the north of Lebanon. Right-wing sources were given as one killed and wounded. The battle was said to be between Syrian and Lebanese forces.

er leads protest

Scottish fishermen, led by a pipe-bearer, protested in support of a British case for exclusive fishing rights in the North Sea. A delegation was led by Mr. John S. Macdonald, Secretary for Scotland.

ke City relegated

City were relegated to the second division last night when they were beaten by Aston Villa. West Ham and Park Rangers scrambled to safety, but Manchester United, who were leading the league, were relegated.

Britain needs more rain to recover

In spite of the wettest winter and spring for 100 years Britain still needs at least as much rain again next winter before it recovers from last year's drought. The country's rainfall was the average of the last 100 years, but the amount of rain that fell after September 3, 1976, will not look particularly dry statistically.

Drax merger warning

Sir Arnold Weinstock, chairman of GEC, met the Prime Minister to explain his opposition to a new nationalized energy company. He said that the National Enterprise Board holding the balance of power. Placing an order for Drax B before reorganization of the industry would be disastrous, he said.

Cut prices, hotels told

Hoteliers near the Turnberry golf course on the Ayrshire coast, venue for this year's Open, have been warned by the Price Commission against charging higher prices during the Open week. The commission will order hotels to charge prices in effect by May 12.

Trib for New York

New Yorkers are likely to be offered in the late autumn a new daily tabloid newspaper, called the Trib, which is the right-wing backlash against the increasing liberalism of the papers still existing in a city regarded as a newspaper graveyard.

Peace plan rejected

Nine members of the Institute of Journalists involved in the East Midlands Allied Press dispute rejected a TUC peace formula.

Social Services

Old people's homes suffer from too many rules, according to a report by the Personal Social Services Council.

Basques on strike

Hundreds of thousands of workers went on strike in the Basque country of Spain to protest at the deaths of five people in confrontations with the police. In San Sebastian, police used rubber bullets and smoke bombs to disperse demonstrators.

Yugoslav controller jailed for part in air disaster

From Dasa Trevisan
Zagreb, May 16
Mr. Gradimir Tasic, a flight controller, was sentenced today to seven years' imprisonment after being found guilty of causing last September's air collision in which 176 persons were killed. The court acquitted seven of Mr. Tasic's colleagues of charges of criminal neglect.

Yugoslav controller jailed for part in air disaster

The trial, which went on for about five weeks, made history in civil aviation because it was the first time flight controllers were charged with criminal responsibility for a disaster and the first conviction obtained on these counts.
The sentence pronounced on Mr. Tasic, who was found guilty of grave offence against public safety, is bound to have an international impact. Strong reactions are likely to come from air traffic controllers and it is expected that some international action may be started to plead for the release of Mr. Tasic, whose errors are not disputed but whose criminal responsibility is open to doubt.

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BANKS DEBATE/Broadsheet No.1

DO YOU CARE WHAT BANKS DO WITH YOUR MONEY?

Did you know that there's a proposal to nationalise the four main clearing banks—Barclays, Lloyds, Midland and National Westminster?

That's what the Labour Party's National Executive Committee (NEC) recommended last August in a pamphlet called "Banking and Finance".

The Government and the Prime Minister are against bank nationalisation.

"The third proposal, to nationalise the banks and the insurance companies, is the one that the Government cannot accept."
Mr James Callaghan, Blackpool, 24 Sept 1976

Even so, the proposal was passed at the 1976 Labour Party Conference.

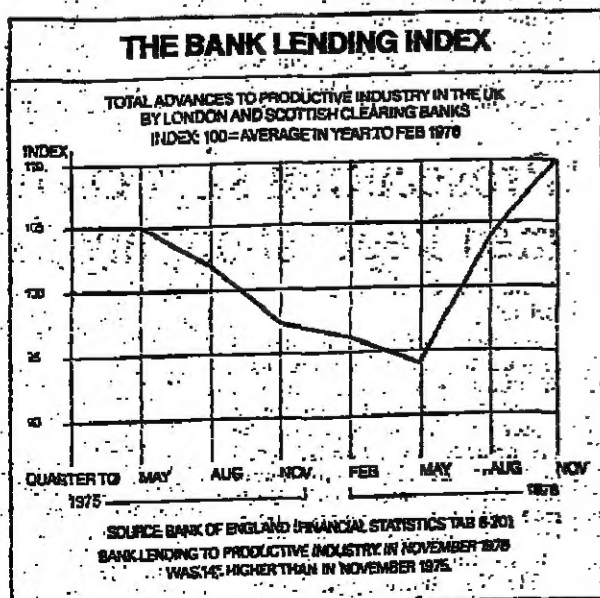
LENDING TO INDUSTRY

The whole question of nationalising British banks is a very important one because it affects everybody's money one way or another. We, the banks listed below, therefore believe that it is a matter for public discussion.

To open the discussion we would like to examine here just one issue raised by the NEC: how much banks should lend to industry. But we'd also like to know your opinions. So please let us hear your views, whether you are for or against bank nationalisation.

CAN WE MAKE INDUSTRY BORROW?

The NEC—through publicly-owned banks—hopes to double the amount of money that banks lend to industry over the next ten years. They say that manufacturing industry has "grown anaemic" as a result of its poor investment record. And nationalised banks, they argue, could get this money flowing.



But, could they? By the end of last year, the London and Scottish clearing banks had loans out to manufacturing and productive industries of over £6,500 million.

But this is not the whole story. Manufacturers have actually taken *less than half* the money they know to be available.

WHY WON'T INDUSTRY INVEST?

Most industries say that the trouble is not lack of funds at all. The CBI, which runs a regular survey of manufacturers, reported in April 1977 that only 3 per cent said they were held back by shortage of external finance.

This was confirmed by the National Economic Development Office. Despite some criticism of financing arrangements, its report in 1975 concluded:

"In general, companies did not see themselves as having been constrained in their investment by lack of cost of finance."

The clue lies, we believe, in another NEDO finding: "... uncertainty about the future is likely to remain as a major constraint on investment."

We want to lend: it is a vital function of banking. And better returns on investment will encourage borrowing. But in the meantime, we can't force money on people.

ARE WE TOO CAUTIOUS?

The money we're being asked to lend more generously actually belongs to our many millions of depositors. So we tend to

political rather than by financial considerations. Otherwise, why nationalise?

There could be a temptation to see the banks as a cheap source of finance to support weak industries.

Could a Government minister (rarely in the same office for more than two or three years) provide the vital consistency in lending policies that industry needs?



"WE HAVE WAYS OF MAKING YOU BORROW"

We are as anxious as anyone else to improve Britain's economy. But we believe that we can contribute to it more effectively as bankers than as State employees.

PUBLIC DISCUSSION

This is our point of view. But what do you—whose money we lend—think about it?

Should banks take more risks? Should lending policies continue to be decided by professional bankers? Would nationalisation lead to better and quicker decisions about lending?

Please tell us your views. We may not be able to answer every coupon or letter received, but please write just the same. It will increase our understanding of public opinion on this important issue.

FACT

The pre-tax rate of return on capital employed in British industry—in real terms—fell from an average of 10.8 per cent in the 1960s to an average of 6.5 per cent in the first half of the 1970s.

Bank of England Quarterly, March 1976.

WOULD NATIONALISATION HELP?

We suspect that the lending policies of a nationalised bank could be guided by

NOW TELL US WHAT YOU THINK

You can write your comments on this coupon alone, or enclose it with a letter. Address your reply to THE BANKS, 10 Lombard Street, London EC3V 9AP. Or deliver it to any branch of any bank listed below, in an envelope marked "The Banks Debate."

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THE BANKS



Quarter of Cabinet is fighting against direct EEC elections

By Our Political Editor

Opposition within the Cabinet to a direct-elections Bill for the European Parliament in May-June next year remains stubborn and spreads. It became clear last night that the opponents include Mr. Orme, Minister for Social Security. Mr. Orme is said to have had open clashes on the question with the Prime Minister at Cabinet meetings at 10 Downing Street.

Resistance is also coming from Mr. Foot, Secretary of State for the Environment, Mr. Rost, Secretary of State for Employment, Mr. Benn, Secretary of State for Energy, and Mr. Silkin, Minister of Agriculture, Fisheries and Food.

Much of the Cabinet argument is essentially about the damage to the Westminster Parliament's powers. But Cabinet ministers who have an anti-Europeanist attitude are opposed to the United Kingdom membership of the European Community, and it is now clear that a quarter of the Cabinet are opposed to

the Prime Minister's promise to the Community to use his "best endeavours" to fulfil the commitment to direct elections next year.

The Shadow Cabinet and most Conservative backbenchers appear to be standing firm on the principle of a simple majority, or "first past the post", for any European Parliamentary elections. Although some senior ministers make clear that the adoption of any such electoral method would rule out the possibility of the United Kingdom's keeping to the Community's timetable.

The Bill is already drafted in the Home Office, but the Government feels unable to let it take a place in the legislative programme this session, which virtually ends before August.

Consequently the Cabinet has first to reconcile itself to the draft Bill, and then to come to an understanding with Mrs. Thatcher and the Opposition that any direct-elections Bill capable of being carried is better than no Bill at all.

Mr Jackson calls for pay-curb support

From Tim Jones

Bournemouth

The 1,000 delegates to the conference of the Office Workers at Bournemouth were urged yesterday to support a further year of pay restraint. Mr. Tom Jackson, the union's general secretary, said that those union leaders who argued for a 30 per cent pay increase were aware of the consequences were a "disgrace to the trade union movement".

When they discuss the issue later this week the delegates are likely to back Mr. Jackson and his executive in a fight to secure a three-year pay freeze.

The union has been a traditional supporter of income policy. A refusal by the 200,000 members to accept a further wage increase would be a serious setback to Mr. Healey's hopes of securing an agreement with the TUC.

Mr. Jackson said that after a bitter year his members were faced with the choice of continuing in their search for the Government for a sustained economic recovery or, out of exasperation with their present predicament, to hand the benefits of their sacrifices to a Conservative Government.

The paramount demand by the union would be that there should be no loss of living standards during the next phase of income policy, Mr. Jackson said.

Mr. Jackson said: "The Chancellor must understand that we have had enough. We do not want to be paid in condescension. Indeed, our opposition to a free-for-all is based on that fact."

Repeating the demand of other union leaders, Mr. Jackson said there must be a price policy that bites.

Union leaders who were called for a free-for-all for personal or union advantage were prepared, he said, to risk economic collapse, hyperinflation, increased unemployment, and the repudiation of a Labour government.

Before the union finally decides which way to use its block vote at the TUC conference the delegates will meet again later in the year to discuss the progress of the negotiations with the Government.

Mr. Jackson made clear that the union would resist any recommendation by the Carter Committee of Inquiry for the Post Office to be split between telecommunications and the postal service.

Splitting the Post Office, he said, would bring higher prices and communications chaos into the industry. "What we shall see if division takes place is an explosion of management and administrative costs."

Any division, he said, would be the first and logical step towards giving off sections of the profitable telecommunications business to private industry.

Mr. Jackson said the costs of the parcel division were gradually draining away the lifeblood of the letter service. "Had parcels not been making such a loss I should have been tempted to run the risk of no letter price increase in 1977. But we cannot operate at a loss and still have decent wages and conditions. We therefore pressed the Post Office to keep the price increase as low as possible," Mr. Jackson said.

Plan against wife's lover backfired, court told

David Penfold, a former Conservative parliamentary candidate, planned to lure his wife's lover to an hotel where he was to be beaten and forced to sign a letter breaking off the adulterous association. It was stated at Birmingham Crown Court yesterday.

The lover, who stabled his horses at Mr. Penfold's home, was then to be anaesthetized and hauled in an aircraft and flown to Ireland, Mr. Philip Cox, QC for the prosecution, added. But the plan, allegedly conceived by Mr. Penfold, backfired.

Counsel said the lover, Mr. Paul Haulik, aware that "some one was trying to do the same mischief" made himself a bulletproof vest. Mr. Penfold's wife also arrived with him at the hotel. Later, Mr. Penfold offered another man, George Hanson, £2,000 to shoot Mr. Haulik. But Mr. Hanson was a police informer.

Before the court were Mr. Penfold, aged 42, an account executive, of The Grange, Needwood, near Burton upon Trent; John Westcott, aged 40, a builder, of Main Street, Eggington, Derby; and Anthony Calder, aged 30, a joiner, of Maple Drive, Derby.

Mr. Penfold, who stood for Nottingham, West, in 1966 and twice at Derby, North, during the general elections of 1974 and 1976, denied that between June 26 and September 4, 1976, he solicited Douglas George Hanson to murder Mr. Haulik.

All three defendants denied that between May 1 and June 18, 1976, they conspired together to assault Mr. Haulik, causing him actual bodily harm.

After a long adjournment all three defendants pleaded guilty to new charges, a course that Mr. Justice Melford Stevenson said he was prepared to accept. Each was sentenced to two months' imprisonment, suspended for two years.

Mr. Penfold admitted that between May 1 and June 18, 1976, he unlawfully solicited Mr. Westcott and Mr. Calder to assault Mr. Haulik. Mr. Westcott admitted unlawfully soliciting Mr. Calder to assault Mr. Haulik, and Mr. Calder admitted that between the same dates he unlawfully solicited Mr. Hanson to assault Mr. Haulik.

The initial charge of soliciting to murder against Mr. Penfold was allowed to remain on the file. Formal verdicts of not guilty in relation to the charge of conspiracy to assault occasioning actual bodily harm were entered with the consent of the prosecution.

Counsel said that Mr. Haulik, a representative of the British Horse Society Riding Establishment Act Committee, had been establishing his horses at The Grange since November, 1974. By October, 1975, he began associating with Mrs. Penfold.

By April, 1976, Mr. Penfold became aware of the nature of the association and began to behave in a way that was very much out of his normal character.

Tory women want a fresh image

By a Staff Reporter

After years as political wallflowers, typicist as the wearers of outrageous hats and open-necked blouses, the Women's National Advisory Committee are making an earnest attempt to get the Tory women's conference taken more seriously.

Instead of the usual debates on carefully selected motions, delegates at Central Hall, Westminster, next week will have before them 11 working papers drawn up by area committees.

The purpose, according to Lady Young, is to make the conference "more professional in its approach to politics."

Delegates will be asked to vote on only two motions. The first, chosen by ballot, calls on the next Conservative government to change the "level of tax paid by pensioners, widows and one-parent families." The other concerns government interference in business.

One of the most interesting of the working papers is the one on *The Media and the Family*, produced by the south-eastern area council. Based on the results of a survey carried out in Surrey, Kent and Sussex earlier this year, it shows that more than three quarters of the sample of 900 believed that their families benefit by certain items on radio, television and in newspapers.

A consistently high proportion believed that news reports on BBC radio and television were more reliable than those on commercial channels.

End occupation, students demand

By Judith Judd, of The Times Higher Education Supplement

Moderate students at the North East London Polytechnic yesterday demanded an end to the occupation of the college's West Ham premises after dozens of students had been unable to enter to take their Higher National Diploma examinations.

For the third day, a group of protesters occupied the deputy director's office at Barking.

Miss Geraldine Charles, aged 22, a final-year biology student at West Ham, said: "This occupation is the work of a tiny minority of students. Unless it ends soon, people's careers will be disrupted."

Mr. Anthony Wilkinson, a senior biology lecturer, said it would be impossible to rearrange examinations if the occupations, in protest against the imprisonment of the students' union president, Mr. Andrew Scrouthous, for contempt of court, continued for another week.

All the science examination papers are in the strong room at the West Ham premises, which is occupied by about twenty of the polytechnic's 6,000 students.

An official said: "We cannot allow examinations and lectures to go on in a building that is totally controlled by the polytechnic. It would be ludicrous to allow students to dictate when and where examinations should be held."

The polytechnic is in a court order to regain possession of the building this week. If it fails, it will consult the external examiners to arrange examinations elsewhere.

Students in court: Seven students who were arrested during a demonstration outside Bournemouth prison, north London, on Friday, were bound to leave.

Union changes hard line in dispute with Forte group

From Arthur O'Shan

Birmingham

The Transport and General Workers' Union appeared yesterday to have changed its hard-line stance in its dispute with the Forte group.

Mr. Arthur O'Shan, a union spokesman, said that the union had been persuaded to accept a formula for settlement of the dispute at the Randolph Hotel, Oxford, which began last December and it will be recommended.

Sixteen of the hotel staff alleged unfair dismissal, and although most of them voted to accept compensation, the union would not endorse the settlement.

Those voting had not paid their union subscriptions. Mr. Alan Law, regional trade group secretary of the union in Birmingham, who had imposed a ban on deliveries through his drivers' members, was present at yesterday's meeting with Mr. Peter Chart, the group's deputy director of personnel.

Mr. Law intends to discuss the matter at a press conference today. The Forte group, which has spent over £30,000 on newspaper advertising to explain its position.

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Universities seek assurances on fees

By Frances Gibb, of The Times Higher Education Supplement

A group of 25 universities and university colleges called on the Government to ensure that no student forced to leave a course of study because of the levels of tuition fees in effect in October.

In a strongly worded statement the universities criticized government proposals to increase fees, and said money given to universities to help students in difficulty was inadequate.

Students should be able to complete courses at a reasonable cost, they said. Financial implications of changes "unilaterally imposed" should be borne by the government, in addition to the universities' own grant.

The statement, agreed at a one-day conference at Brunel University, is to go before a university senate and a Committee of Vice-Chancellors and Principals in the hope it will stimulate a wide response.

Many universities oppose increased fees. So far, only dual institutions have seen more than £300,000 to help students in difficulty. That pales with £500,000 provided for that purpose in Government grants.

Among other points, it says that many of the 10,000 British undergraduates unable to obtain a mandate to study would be excluded from universities because of fees, and that postgraduate education and research would be heavily damaged.

Postgraduates would find it harder to obtain grants and if any of those supporting themselves would be able to continue. The damage would likely to be as great in science and technology, which was said to be the Government wished to encourage.

The universities also call for one level of fees for home and overseas students, particularly at postgraduate level.

They opposed a quota system on overseas students, fees constituting a proportion of the total cost of education, rather than 10 per cent, and any further fee increases in 1977-78.

A note of dissent came from the New University of Ulster, which said it was in broad sympathy with many of the resolutions but gave its unqualified support to them all.

New maximum for payments

Where trade unionists nominate people to receive sums of money that may be due from their unions when they die, a new maximum of £500 will apply from July 1 next. The amount has been increased from £500 through the Trade Union (Nomination) Regulations, 1977, laid before Parliament yesterday by Mr. Walker, Minister of State for Employment. Payments cover grants or amounts due from savings funds.

Bankruptcy threat

Ten former parish councilors who held office at Clay Cross, Derbyshire, for only three weeks, face the possibility of bankruptcy if they do not pay nearly £4,000 in legal fees within 14 days.

Drilling plan arouses nuclear-waste fears

Dr. Frank Festes, head of the authority's environmental safety group, has spent several months attempting to convince councillors in Galloway that all he wants is to drill into the sides of Mullwharrah, one of the few places in Britain where the bedrock "punches the Earth's surface. The drilling, one of several research projects involving European countries into the suitability of clay salt and hard rock for the deep burial of nuclear waste, will be partly paid for by the EEC.

"My sole concern is to study the kind of hard rock which is readily accessible on Mullwharrah," he said. If arguments are raised that show that Galloway is unsuitable for this kind of research, then I am delighted to hear them, but we are not here to judge that question. It is something that simply has not been considered.

"If we were looking for a site to bury nuclear waste, we would not be in hard rock but in salt, which is the most commonly used rock elsewhere and much cheaper to drill into. In that case we would not be in Scotland at all, but in central England. The chances of Galloway's ever being chosen are a thousand to one against."

The hundred and fifty people at the forum were not convinced, and determined to make an issue of the burial plan. Damaged slogans and posters depicting skulls lined the walls of the hall.

The argument covered the whole issue of nuclear development and the impact of Galloway as a neglected and economically stagnant area.

Foot view of judges 'historical'

Mr. Michael Foot, Leader of the House of Commons, yesterday defended his statement that if the freedom and rights of the people, especially trade unionists, had been won by the judges, "we would have few freedoms in this country at all."

He emphasized, again, however, that his remark to members of the Union of Post Office Workers at Bournemouth on Sunday, had been made in an historical context and was not aimed at present day judges.

Mr. Rhodes Boyson, opposition spokesman on education, said yesterday that he would prefer freedom of expression to judges' interpretations of law rather than on the "passing whims" of politicians or the resolutions of trade union executives.

The British Legal Association, which represents about three thousand lawyers, asked: "How can you hope to maintain public respect for law and order when the Leader of the House himself incites doubts about the fairness of judges?"

Support for Mr. Foot, however, came from the Haldane Society of Socialist Lawyers. "The judiciary has been given a limited and denied the rights of trade unions and working people," it said.



Balcombe Street bravery: Thirteen police officers who took part in the Balcombe Street siege in London in December, 1975, were commended for their bravery and presented with £25 cheques from the Bow Street Magistrates' Court Reward Fund yesterday. Eight of them shown here are (front row, left to right): Inspector Henry Dowdell, Sergeant Philip Mansfield, Sergeant Murray McVeigh, Sergeant Robert Fenton; and back row (left to right): Constable Peter Wilson, Constable Barry Court, Sergeant Norman Bolton and Sergeant Ian Skinner. Two other constables, who were away ill, will receive their awards later. The officers were involved in the chase or

capture of four IRA terrorists who held a husband and wife hostage for six days. Mr. Kenneth Barracough, the Chief Metropolitan Magistrate, who presented the awards, said: "Everyone agrees that these officers deserve commendation. Knowing the dangers and without regard for the personal safety, they all had a part in containing these ruthless criminals, enemies of society. There is a call for thanks, not only from the metropolis but the whole country, for their devotion in tracking down and bringing to justice these men. I am very proud to make rewards from the Bow Street Fund. They are small rewards, but made with gratitude and sincere congratulations to you all."

Tynesiders' £100m dream river is almost a reality

A long-cherished dream of the citizens of Newcastle upon Tyne and Gateshead of being able to watch salmon leaping from their river somewhere between the high-level and Swing bridges is coming nearer reality. That dream, which first caught the imagination of Tyne-side civil leaders almost 20 years ago, is likely to have cost about £100m by the time it is realized in the mid-1980s.

There is, however, much more to the vast engineering work of cleaning up the Tyne (perhaps more accurately, if less attractively, called a sewerage project) than the substitution of fine fish for the other, uglier objects that nowadays catch the eye of the occasional beholder of its waters.

Not to put too fine a point on it, the 20-mile tidal reach of the Tyne between its mouth and Wylam (where it becomes a freshwater river) is an open sewer and has been one for a hundred years.

Some of the river's most obnoxious characteristics (which the Romans noted) have always been that it is fast-flowing, fed by enormous tonnages of fresh water, deep and relatively narrow. For those reasons, it has acted as just about the largest and most efficient flushing cistern in Britain, possibly in Europe.

That admirable natural arrangement was regarded as eternally satisfactory by all concerned until 1958, when the leaders of 20 local authorities recognized that it would not suffice forever in an increasingly hygienic-conscious world. Their far-sightedness resulted in the creation of the Tyne-side Joint Sewerage Board and a plan, originally estimated to cost £20m, which was inherited by the Northumbrian Water Authority and is now roughly half complete, with the inevitable escalations in cost.

It involves the construction of some 40 miles of "interceptor sewers" on both banks of the river, amounting to a vast tunnel system to catch the output of hundreds of direct outfalls from the homes and workplaces of almost 2 million

Regional report

John Chartres

Newcastle upon Tyne

people and channel their contents into a treatment plant downriver at Howdon, near Wallsend. There most of the obnoxious contents will be treated and pumped into a 1,500-ton sludge ship, now fitting out the Clyde and rather ominously named "Northumbrian Water", which will dump them six miles out at sea.

Most of the sewer tunnels are complete. The first stage of the Howdon works should be completed in the spring of 1979. A preliminary filtering unit on the south bank at Jarrow will extract rags, polythene bags and other bulky objects, which will be working by the end of this year. Yet another tunnel,

Imperfect stamps

Imperfect jubilee stamps, believed to be the first, have been sold across a post office counter. The stamps are now owned by Mr. Alan Grant, of Lyndhurst, Hampshire.

Bomb hoaxer sentenced

Paul Connor, aged 22, a former soldier, of Cwm Place, Llandudno, Gwynedd, was sentenced yesterday to 100 hours' community work and ordered to pay £21 costs after pleading guilty to making a bomb threat to a cafe.

Childminders group

The National Childminding Association, the forerunner of which was announced in The Times on Saturday, can be reached through its secretary, Mrs. Celia Smith, Canine, High Street, Bristol, Westons, Kent, TN16 1HS.

Father, 17, killed baby

Derek Brown, aged 17, of Nottingham Road, Basford, Nottingham, was jailed at Nottingham Crown Court yesterday for three years for the manslaughter of his daughter, Susan, aged two months.

Lorry driver endangered rail passengers

Eric Hills, aged 33, a lorry driver, who was said to have ignored warnings and to have driven over an unmanned level crossing, causing a crash with an express train in which the train driver was killed, was given a six-month prison sentence suspended for two years, at Norwich Crown Court yesterday and fined £100.

Mr. Hills, of Green Park, Chatteris, Cambridgeshire, pleaded not guilty to the manslaughter of Mr. Robert Hitcham, the train driver, of Cherry Hill, Norfolk, last December. The plea was accepted, but he admitted endangering the safety of passengers on the 35-35 Northampton express train by failing to stop and follow the proper procedure to ascertain that no train was near before driving across the line at Chivers Crossing, Suffolk.

Prosecution says customs men kept 'shopping list'

From Our Correspondent

Customs officers at Bristol airport kept a "shopping list" of items they wanted, it was stated at Bristol Crown Court yesterday. The list was used by the manager of a bonded warehouse at the airport to supply the customs men with duty-free cigarettes, spirits, beer, watches, perfume, and after-shave lotion, it was alleged.

Mr. Neil Butler, QC, for the prosecution, said that at first the customs men paid for the goods at low duty-free prices, but then they even stopped paying.

Three customs officers denied conspiracy with Brian Lodge to defraud the payment of duty at Bristol airport between June, 1973 and October, 1975. The court was told that after other officers had pleaded guilty to this same offence, they will be sentenced today.

The three who pleaded not guilty are Richard Boyle, of Lulgate, near Bristol; Jack

HOME NEWS

Wet Britain still needs more rain to fill underground reserves

By Michael Horsell.

In spite of the winter and spring for 100 years Britain's underground reservoirs need at least as much rain, again next winter before they recover from last year's drought.

That emerged yesterday from a geological survey which examined the winter excess of water that drains through the soil into the chalk aquifers below.

The survey was double the average in many parts of the country and in some cases underground water levels rose by as much as 20 metres.

Mr. Howell, Minister for Sport and Water Resources, is today launching a report by the National Water Council, which recommends the rejection of a national grid water transfer system, first mooted by him after last year's drought.

The council says a future drought should be tackled in a flexible way as they develop, but analysis of the winter rainfall suggests that the debate on whether there should be a grid system has by no means ended.

Artificial reservoirs are full and experts say the country would survive another drought this summer less painfully than last. But the aquifers are still well below normal levels for this time of year.

A council official said: "There is absolutely no cause for concern because the aquifers are in an improved position from this time last year but for them to be back to normal will take more rain."

He notably expects to be in a position of superabundance at this time of year but we have not returned to that by any means because of the 16-month drought.

"Curiously, however, because of the amount of rain that fell from September 8 to the end of the year, 1976 will not look particularly dry statistically."

Since the parched soil of last summer reached capacity (the point at which enough rain had fallen to saturate it and drain through), centres throughout Britain have reported record harvests of rainwater.

From that point to the end of April, Scotland's rainfall averaged 498mm compared with an average of 255mm. Bristol 580mm compared with 305mm. Plymouth 670mm compared with 430mm and Birmingham 400mm compared with 230mm.

Eastern England in particular has benefited from winter excess rainfall above the average.

Liberal Party aims to raise £100,000

By a Staff Reporter.

The Liberal Party is launching a £100,000 appeal on Thursday to mark the centenary of the foundation of the National Liberal Federation, the forerunner of today's party organisation.

An official said last night that the money would be put in a trust. The estimated 10,000 investment income would be used for research and to help finance a future general election campaign.

A special publication, *Centenary*, celebrating 100 years of Liberalism, has been produced, and it is from that and other activities that the party hopes to raise the £100,000.

A commemorative service at Westminster or Abbey, a concert at Royal Albert Hall and a dinner for a thousand people in Birmingham, where the National Liberal Federation was founded, are also planned.

This is the first time the party, which relies much of its income from donations, has tried to provide itself with a capital endowment.

An official said: "It is not easy for the Liberals to raise money. We have no ready access to regular income from the trade unions, like the Labour Party, nor the kind of guaranteed corporate income that goes to the Tories."

Liberal Party headquarters, which has a staff of 12, expects a deficit of £12,000 this year on a total income of £125,000; it was disclosed last night.

Liberal clubs, Dobson over the future of the National Liberal Club designed last night when Anthony Dobson Associates, management consultants, told 150 members at a meeting at the Central Hall, Westminster, that they had the idea of their appointment as managers of the club had been terminated by the club's trustees after only three weeks (Malcolm Brown writes).

On April 15 a letter to Anthony Dobson Associates told them that their appointment had been terminated.

Mr. Anthony Dobson, said last night, when his proposals for managing the club were backed by members from a big club.

Members are expected to raise the question of the management consultants' departure at the annual general meeting of the club on Thursday.

Number of boarding school places continues to drop

By Our Education Correspondent.

A sharp decline in the number of boarding places at state schools over the last 11 years is shown in a survey published last night at the Boarding Schools Association's annual conference in Gloucester.

The survey shows that the number of places dropped from 10,373 to 9,118, a fall of 255. During the same period the total number of pupils maintained schools rose from 830,000 to just under nine million.

The number of boarding places is likely to drop still further because Surrey County Council decided in March to close Otterdown School, which has 250 pupils. Its closure has till to be approved by Mrs. Williams, Secretary of State for Education and Science.

Three other state boarding schools have been closed since 1970. They are Hoxley's (150 places), Shoots Buns, Staffordshire (140) and Sheep Hatch School, Surrey (150).

In addition, two state schools have pupils were mainly boarders, Cuskerne Grammar School, Somerset (112 boarders) and Trowbridge Technical School, Wiltshire (103), have closed. The survey found that 44 out of 121 state schools that had boarding places in 1966 have dropped boarding places and four others are running down their boarding establishments.

Mr. Richard Perry, chairman of the association, which represents 350 independent and state boarding schools, told the conference: "The scarcely credible proposal to close Otterdown School is a national disgrace."

The survival of a boarding school has implications beyond a local area. If Surrey cannot find the resources to ensure the survival of this distinguished and important school, then the nation should.

"There is an urgent need for a national policy which regards boarding as too important to be left to local whim or the arbitrary process of economics."

Mr. Perry, who is headmaster of Fyfield School, Otter, Essex, said such was the mobility and social disruption of modern life that there was a vast "disrupted family" of boys and girls who would be enormously helped by boarding.

He said that in 1966, Dr. Royston Lambert, former director of the Darrington Hall research unit, had estimated that there were 91,000 children in need of boarding. "Yet 11 years later, we find that local education authorities boarding provision has dropped by a third."

"What is more the imbalance between the sexes has been only marginally improved. At a time when equality of opportunity is a levelling necessity in employment, there are twice as many boarding places for boys as for girls."

Many authorities had had to make stringent economies in boarding provision, but parents did not have to be homeless, disaffected or rich to gain a boarding place in Derbyshire, Essex, Lincolnshire, Northamptonshire or Oxfordshire, Mr. Perry said.

It used to be possible for the thrifty, satisfied family to choose to afford a boarding education had sadly reduced that possibility, he added.

Two fired for selling banned baby medicine

A baby medicine on sale contained such a high amount of sedative that it had been prohibited by law, it was stated at Hendon Magistrates' Court yesterday.

Mr. Vernon Keys, for the prosecution, said the medicine, Bai'then Chandi, had been supplied to the shop by wholesalers.

Kanaiyal Kishan and his wife, Babul Kishan, trading as Bina Stores, of Golders Green Road, admitted 12 offences under the Medicines Act, 1968, and were fined £480 each and ordered to pay £15 costs each.

Heating grants for OAPs are suggested

Heating allowances for pensioners should be replaced with supplementary grants, Professor David Donnison, chairman of the Supplementary Benefits Commission, says in an article published today in *Social Work Today*.

Strenuous efforts to encourage pensioners to claim their heating allowances have still failed to reach about 250,000 of them, he says.

Lump sums could be paid to all people receiving supplementary benefits to end the growing reliance on discretionary payments.

Claimants with several children, particularly the long-term unemployed, are having the hardest time, he says.

Integrated approach may lead to youth policy

Decisive government action expected on plan to create opportunities for young jobless

By Craig Seton.

The apparent determination of the Government to act decisively on the recommendations of a Manpower Services Commission working party on youth unemployment could establish Britain as pre-eminent among the industrial nations in opportunities for the jobless young.

The working party's report will be published tomorrow. It comes just over a week after the Downing Street summit of seven leading industrial nations had agreed that they faced an urgent task in creating more jobs, particularly for young people.

They also agreed to an exchange of experience and ideas on providing the young with job opportunities.

Faced with rising numbers of young unemployed people, Britain has largely adopted a series of short-term measures activated through the Manpower Services Commission, the agency that has shouldered the burden of introducing the new schemes.

The placement approach is now likely to be replaced with an integrated plan, costing £200m a year, to guarantee everyone under 18 a chance to work, train or study, which will be based largely on the existing measures.

The enthusiasm of the Prime Minister for a new and coordinated approach is considered likely to see the recommendations fully adopted by the Government, perhaps to be

Proportion of young people among the unemployed, 1967-76					
	Belgium	Germany	France	Italy	UK
1967	16.3	12.8	19.4	22.8	25.9
1968	15.5	11.8	20.5	24.6	23.8
1969	15.4	14.4	16.5	26.8	25.5
1970	11.9	18.7	23.1	26.5	27.3
1971	14.0	19.8	23.0	26.4	31.1
1972	17.2	19.8	25.6	27.3	31.7
1973	17.7	22.3	28.6	30.1	27.5
1974	24.7	28.4	32.4	32.6	30.4
1975	31.5	28.6	37.4	34.1	41.9
1976	32.3		37.6		43.9

Source: EEC Commission

developed gradually into an overall youth policy.

Britain is not the first country to recognise that youth unemployment is likely to be of a long-term and structural, rather than cyclical, nature. Some estimates suggest that it will cause serious difficulties for industrial nations for at least 10 years.

In Britain the increased birth-rate of the early 1960s and the steady erosion of jobs in manufacturing present the core of the problem. By September more than 500,000 of the 730,000 school-leavers will be looking for work.

Last month more than 50,000 leavers, who had never had a job, were registered, as unemployed, an increase of 15,000 over March. The Government estimates that the number of 16-year-olds in the population will increase from the 1972 figure of 673,000 to a peak of 823,000 by 1981, before falling to 705,000 in 1989.

The British Youth Council, in

any national plan.

The proportion of young people among the unemployed in the United Kingdom has been consistently greater than that in other EEC countries.

By 1973 the proportion of young unemployed in the United Kingdom (under 25 years of age) was 41.9 per cent, compared with 36 per cent in Holland, 34 per cent in Italy (under 21), 37.4 per cent in France, and 28.6 per cent in Germany.

Studies by the EEC Commission of the duration of unemployment among young people showed a gradual increase in the proportion unemployed for 12 months or more between 1974 and 1976, from 3 to 8 per cent in Great Britain; from 4 to 10 per cent in Holland; from 1 to 8 per cent in Germany; and from 12 to 26 per cent in Belgium.

The British Youth Council, in recommendations to the Government, concluded that it was of supreme importance that overall employment and associated policies should be developed at EEC level.

A delegation from the British Youth Council will meet Mr. Booth, Secretary of State for Employment, and Mrs. Williams, Secretary of State for Education and Science, in a few days to discuss what initiatives the Government intends to take on youth employment and vocational training.

Any schemes are likely to be given a boost by Mrs. Williams' determination that her department shall play a central role through local education authorities.

Old people in homes 'too protected'

By Pat Healy.

Social Services Correspondent.

A small snack, although they are still capable.

In practice, the report suggests, it is often not clear that an elderly or handicapped person will have a better life in a residential care than in their own home or that residential care can offer any improvement on continuing efforts to cope independently. Too often a residential home is a last resort rather than a positive choice.

Present practice causes difficulties for the staff as well as for the 300,000 residents of homes in England and Wales. Too many of the staff are untrained, unsupported by the rest of the social services, and unhappy with rules and restrictions that they neither understand nor accept. Despite recent advances, many of the staff will work overlong hours because of shortages and have restricted opportunities to pursue their own private lives.

The report says the best residential care is based on a shared understanding by residents and staff of each other's needs. Both should have a say in the running of homes and not be expected simply to conform to policies laid down for them. The report deals mainly with the need to establish a framework for residential care.

The section on daily living says that it is not possible to prescribe or codify model rules, because the atmosphere and manner of life in any home is based on the personal relationships between the staff and residents there. A questionnaire booklet for staff, based on the report's recommendations, is to be published separately.

Daily routine in old people's homes should be based on the need of the residents to lead satisfying lives. The rules should be as few as possible for all adults, except those who are mentally confused, and should be clearly stated in policy guidelines.

The report has been compiled by a working group set up by the Personal Social Services Council in response to a government request for guidelines on principles and practice for promoting good residential care. Earlier reports by the working group have suggested that staff in many homes are too protective towards the elderly residents, who gradually become too passive to make any decisions for themselves.

In some homes, for example, residents are not allowed to smoke in their own rooms, climb stairs, drink on the premises, or go out for a walk without first seeking permission or being accompanied by a member of staff. Women who have spent a lifetime cooking for a family are often denied any opportunity to prepare even

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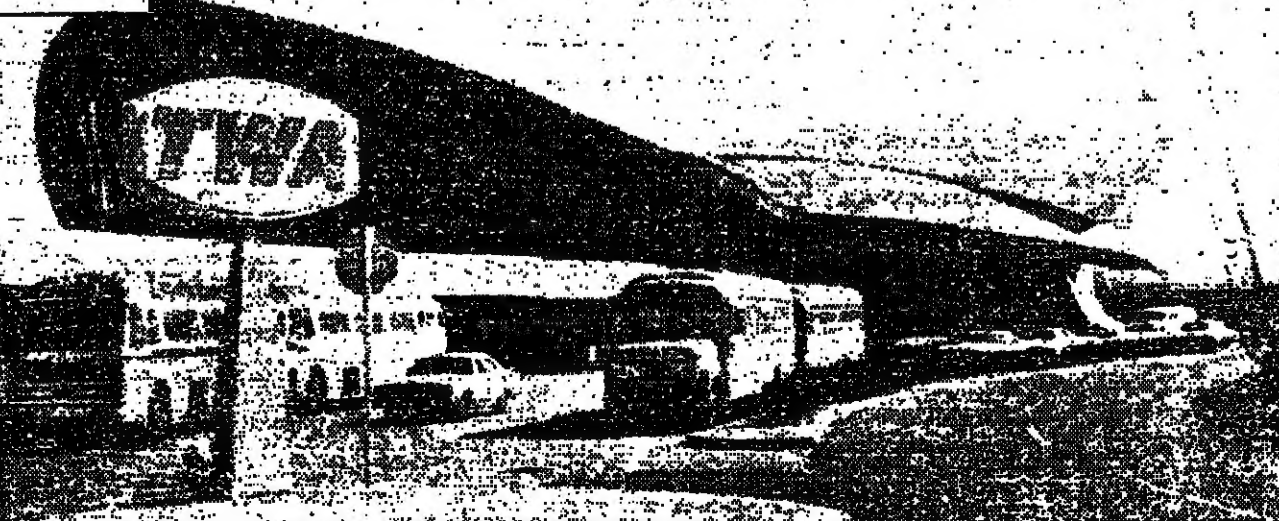
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WEST EUROPE

Mr Mondale discusses US aid for Portugal

from Jose Shercliff
Lisbon, May 16
Vice-President Mondale said today that the United States economic and military aid to Portugal were among the topics discussed at his 11-hour meeting with President Eanes.
Mr Mondale said there were no problems in Portugal's relations with Washington. He said his talk with General Eanes this morning had included the question of United States investments in Portugal and credits, new being negotiated, as well as other economic aid.
Discussion of United States aid to the Portuguese armed forces dealt in particular with the creation and equipping of an airborne brigade to operate in NATO forces, he said. Human rights and American use of the bases for base in the Azores were also discussed.
As a result of today's talks on the recent meeting between President Eanes and President Carter, there exists no problem of a bilateral nature which now affects relations between the two countries, Mr Mondale said.
After his meeting with President Eanes Mr Mondale conferred with Dr Soares, the Prime Minister.
Mr Mondale had spent yesterday with Mr Andrew Young, the United States representative at the United Nations, who had flown into Lisbon to brief the Vice-President on the Basque country, Catalonia and other

Basque provinces shut down by strike over demonstration deaths

from William Chisler
Madrid, May 16
Industry and commerce were badly affected in the Basque country today as hundreds of thousands of workers went on strike in protest against the death of five people in confrontations with police during pro-amnesty demonstrations.
The general strike was almost total in the provinces of Vizcaya and Guipuzcoa. Riot police this morning dispersed over a thousand demonstrators in San Sebastian with rubber bullets and smoke bombs.
Shops opened briefly in San Sebastian so that people could buy food. There were also strikes in Barcelona after demonstrations over the weekend. Pickets were out urging all establishments to close. Barricades were thrown up in towns such as Victoria and Pamplona.
In Pamplona several people were injured when police broke up a group trying to attend a Mass for a man killed by the police on Friday. About 20 of the churchgoers were arrested.
When about a thousand people took to the streets in Bilbao, the largest Basque town, police used teargas and rubber bullets to disperse the crowds, as they had done in Pamplona.
The Interior Minister said today that the Basque problem was one of the most serious facing the Spanish Government.
The minister, who is in Portugal, said that the Basque country, Catalonia and other



This photograph, published by the "Corriere d'Informazione" of Milan, shows a masked youth taking aim with a pistol during riots there on Saturday in which a policeman was shot dead.

Appeal for 'heroic effort' to solve Italian crisis

From Peter Nichols
Rome, May 16
Signor Ugo La Malfa, who is chairman of the Republican Party and a former Deputy Prime Minister, said today that a truly heroic effort was required to lift Italy out of its crisis.
As he spoke, the violent atmosphere which has shocked public opinion in the past weeks showed little sign of abating.
Shots were exchanged outside the law courts this morning and two people said to be of the extreme right were arrested. Tension was again high at Bologna University, the scene of some of the worst examples of street violence a month ago.
Giorgina Masi, the 19-year-old girl shot during disorders in Rome on Thursday night, was buried today while radicals claimed that she had been "deliberately murdered" by the authorities: "Only the choice of person was fortuitous."
Signor Francesco Cossiga, the Minister of the Interior, will doubtless answer this charge by pointing out that the Thursday riots arose out of a refusal by the radicals to accept a month-long ban on demonstrations.
He is also expected to comment on reports that he was misinformed about the presence at the riots of armed plainclothes policemen. His Ministry denied that they were there despite newspaper photographs which gave a strong impression to the contrary.
The Communists have suggested that the Minister was given inaccurate information in order to embarrass him publicly.

Fishermen disrupt traffic in Brussels

From Our Own Correspondent
Brussels, May 16
A hundred angry Scottish fishermen, led by a piper playing stirring martial airs, disrupted traffic in the centre of Brussels today. They demonstrated outside the headquarters of the EEC's Council of Ministers in support of the British case for exclusive national fishing limits up to 50 miles from the coastline.
Mrs Winifred Ewing, the Scottish Nationalist, who was one of five Scottish MPs accompanying the demonstrators, protested strongly when she was not included in a 12-strong delegation received by Mr John Silkin, the Minister for Agriculture, and Mr Bruce Millan, Secretary of State for Scotland.
Mr Gilbert Buchan, vice-president of the Scottish Fishermen's Federation, who led the delegation said later that nothing Mr Silkin had told them suggested there was much hope of securing EEC agreement to 50-mile limits.
The question was not on the agenda of EEC Agricultural Ministers today.
Instead, they discussed proposals by the European Commission for extending the present ban on herring fishing in the North Sea.
The commission, supported by Britain, wants the ban to be continued until the end of the year. It is due to expire at the end of this month.

Warning on limits of EEC resources

from Michael Hornsby
Brussels, May 16
The EEC is likely to reach the limits of its financial capacity by the end of the decade, even assuming no important policy changes that would increase demands on the community's budget, according to a report by an independent study group set up by the European Commission.
From next January 1, the budget should be financed entirely from the EEC's "own resources"—that is, from the common customs duties on industrial imports, levies on own imports and up to 1 per cent of the revenue from value-added tax assessed on a common list of items.
The report estimates that on this basis, the maximum available "own resources" in 1978 is likely to be about 11,500 million units of account (4,790m) compared with expected budget expenditure in that year of some 9,700m units of account.
Given a continuation of present policies coupled with some increases in development aid, the budgetary consequences of Greece's accession to the EEC and other factors, the report reckons that by 1980 the Community will have exhausted its "own resources" capacity.
The study group was composed of international economists under the chairmanship

Inflation 'not to be blamed on common farm policy'

from Our Own Correspondent
Paris, May 16
Inflation was associated in people's minds in Britain with the common agricultural policy, which was becoming a scapegoat for an orchestrated attempt to open the issues which were thought closed at the time of the referendum on rejoining in 1975.
Mr Christopher Tugendhat, the British member of the European Commission responsible for budgetary affairs, told a Paris luncheon of the British Conservative Association in France today.
"It is absolutely not true that the common agricultural policy is the primary cause of inflation at home," Food prices in Britain had gone up by 18 per cent since last August, but the products covered by the common agricultural policy had one up on average by only 9 per cent. The products not covered by it—fruit, vegetables, and coffee—had gone up by an average of 29 per cent in the same period.

Azores separatist violence leaves nine wounded

Ponta Delgada, May 16
Army and police reinforcements moved into this capital of Sao Miguel Island in the Portuguese Azores today after night of separatist violence which at least nine people were wounded by gunfire.
A bomb damaged the naval radio station here and on Terceira Island an explosion wrecked an Army vehicle. No one was hurt by the explosions.
General Galvao de Melo, Portugal's resident minister in the semi-autonomous archipelago, described the shooting and bombing as the worst so far in the campaign for total independence by the separatist minority.
Police reported that a large group of armed separatists trucked their headquarters here but were repulsed by tear gas. Police said they fired into the air. Five policemen and four civilians were admitted to hospital with bullet wounds after the battle, an official statement said.

register EEC resources

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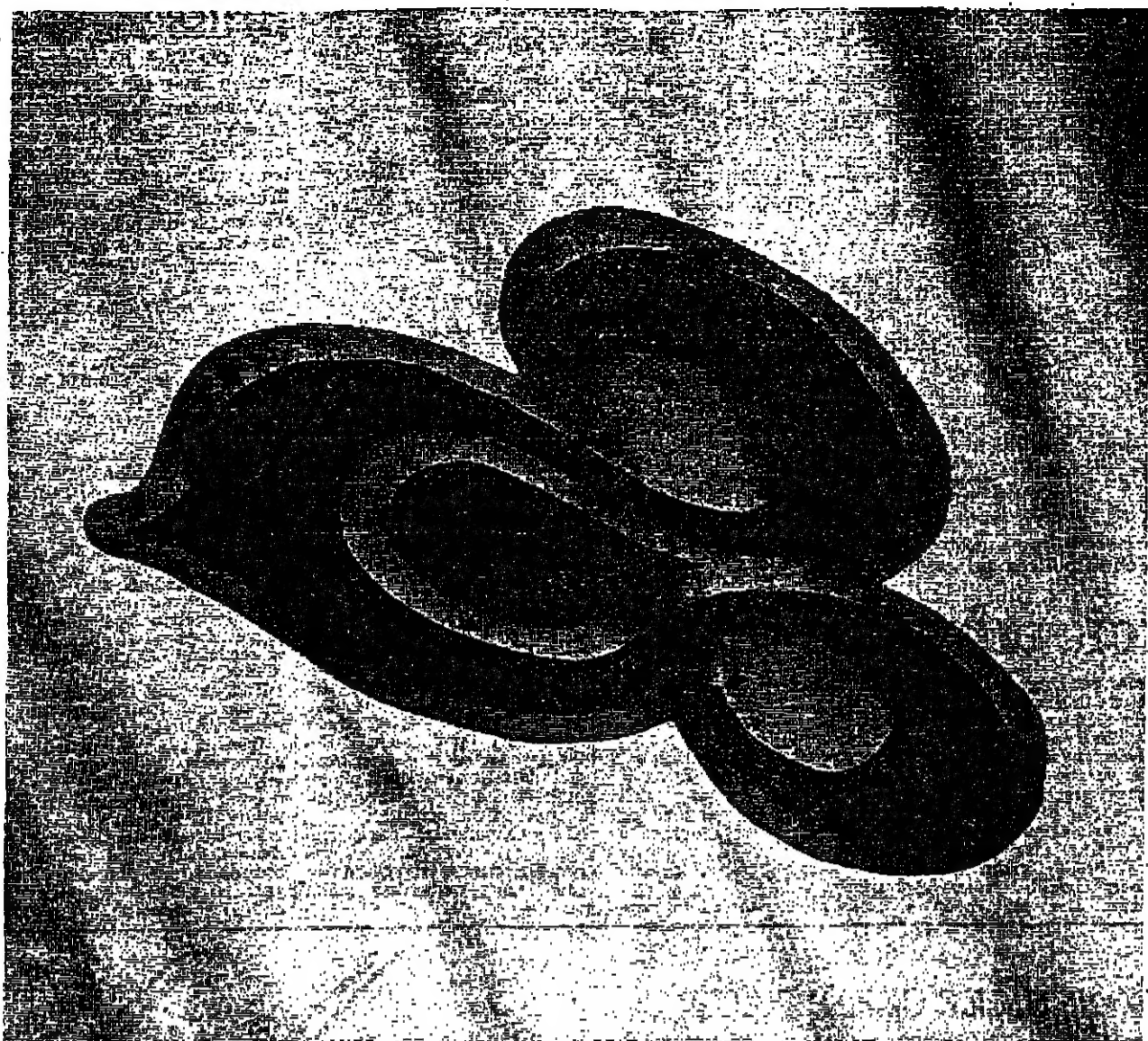
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THE COMMONWEALTH A Times Special Report

This year is a particularly significant one for the Commonwealth: The Queen celebrates the Silver Jubilee of her accession to the Throne, and the first Conference of Commonwealth Heads of Government to be held in London since 1969 will open on June 8th.

On the same day *The Times* plans to publish a Special Report entitled "The Commonwealth". This *Times* Special Report will be essential reading for all those with an interest in the Commonwealth and is a unique opportunity for advertisers who wish to reach the leaders of state, business and opinion in the UK, the rest of the Commonwealth and, indeed, all around the world.

The Report will examine the role of the Commonwealth in the World, the triangular relationship between Great Britain, the Commonwealth and the EEC, the activities of various official and unofficial Commonwealth organisations, as well as the structure, objectives and significance of the Commonwealth Secretariat.

The vital role of British and Commonwealth based Banks and other financial institutions in furthering trade within and beyond the Commonwealth will be examined closely, and a progress report made on the activities of the expert group set up in 1975 to explore how the gap between rich and poor nations might best be closed.

For further information, contact Anna Quick, *The Times*, New Printing House Square, Gray's Inn Road, London, WC1X 8EZ. Telephone 01-837 1234 Extension 7314.

OVERSEAS

New York to have another daily paper

From Peter Stafford
New York, May 16
Plans are in motion for launching a new challenger into the competitive world of the New York press. The newspaper will be called *The Trib*. It will be a morning paper appearing five days a week, and it is intended to offer a "moderate to conservative" alternative to the existing daily papers.

The backers of the new paper include Mr William Simon, who was Secretary of the Treasury in the Nixon Administration, and Mr James Buckley, the former senator, both of them known for their right-wing views. They believe that the *New York Times*, the *Daily News* and the *New York Post* all present variations of liberalism.

The driving force behind *The Trib*, and its largest stockholder, is Mr Leonard Saffir, who was Mr Buckley's chief assistant in Washington until last year. He said today that he hoped to produce a pilot issue in the next few weeks and to begin publication in earnest in the late autumn. Mr Saffir was at pains to emphasize that the paper would not be an "ideological push-sheet" for any particular faction or party, but at the same time he claimed that the *News* had moved "dramatically" away from its former conservative position, that the *Times* and the *Post* had long been more "liberal", and that the *New York* needed a different viewpoint.

The Trib would be a tabloid, he said, but would be a serious paper, not a flashy one, covering international and domestic news.

The idea was that it should be easier to read than the *New York Times* and would not aim to be a "newspaper of record" but would report all the important news, in depth when necessary. Finance was not a problem at this stage. *The Trib* would be printed at a plant in New Jersey, 50 miles from New York, using computer technology. Mr Saffir hoped for a circulation of between 200,000 and 300,000 in and around New York.

He is not the first person to try to start a new paper in New York in the past few years, but the city has been a graveyard for several papers as a result of the flight of many members of the middle class and the reluctance of the printing unions to accept automation.

For many years Mr John Shabazz, a wealthy oil man, has been talking of starting a paper to be called the *New York Press*. Few people now expect to see that paper appear, at least in the near future.

Mr Saffir has certain credentials for running a paper which are not likely to endear him to the unions. During the long newspaper strike of 1962-63, which lasted 114 days, he brought out a paper of his own called the *New York Standard*. He said today that he had earned \$1m from it.

Meanwhile the *New York Post*, which was taken over by Mr Rupert Murdoch, the Australian newspaper proprietor, at the end of last year, today claimed to have made one of the biggest circulations leaps in newspaper history by increasing its daily sale by 122,000 in just over two months.

Circulation of the *Post*, an evening paper, had been 618,973 on average last week, it said, making it one of America's best-selling newspapers. This compared with an average of 489,067 for the six months ending last September.

Briton held on drugs charge

Tel Aviv, May 16.—A British tourist, an Israeli woman resident in Britain and another Israeli have been remanded in custody for 45 days on a charge of possession and sale of drugs including large quantities of LSD.

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Mr Evan Luard, Under-Secretary of State at the Foreign and Commonwealth Office, talks to Mr Patrick John, Premier of Dominica, and Mr M. E. Charles, the island's Leader of the Opposition, before the opening of constitutional talks on independence at Marlborough House, London, yesterday.

President Machel supports Owen peace initiative on Rhodesia

From Nicholas Ashford

Maputo, May 16.—Western efforts to find a peaceful solution in Rhodesia and Namibia (South-West Africa) received qualified support today from President Machel of Mozambique and other speakers during the first day of the United Nations conference in support of the people of Zimbabwe (Rhodesia) and Namibia.

But they were strongly attacked by the nationalists, Mr Robert Mugabe, point leader of the Patriotic Front of Rhodesia, and Mr Sam Nujoma, President of the South-West Africa People's Organisation (SWAPO).

In an important speech at the start of the six-day meeting, which is being attended by representatives from over 80 nations as well as United Nations and other international organisations, President Machel said the new initiative launched by Dr David Owen, the Foreign Secretary, during his African tour last month could constitute a "positive factor" in the removal of the white regime in Rhodesia, "so long as it has a sincere objective the complete independence of the country."

On Namibia President Machel said that the latest moves by

the five Western members of the Security Council could "contribute to the acceleration of the resolution of the conflict", so long as their aim was the full implementation of the Security Council's Resolution 285 on the territory. However, the West would fail if it was only trying to preserve its own interests there and those of the white minority.

Predictably enough, attacks on continued Western support for the white regimes of Southern Africa came from Mr Nujoma and Mr Mugabe, the two last speakers at today's session.

It is thought that it will take all the diplomatic skill of Mr Andrew Young, the American representative of the United Nations and Mr Edward Rowe, Minister of State at the Foreign Office, to prevent the adoption later this week of an African-sponsored set of proposals calling for unprecedentedly tough international action against Rhodesia, Namibia and South Africa.

In a speech which was strongly critical of Britain's "vacillation and indecision", Mr Mugabe totally ruled out American co-operation of the proposed new round of constitutional talks.

Rhodesia was Britain's colonial responsibility, he said, and any future talks that might take place should only be between Britain, as the colonial power, and the Patriotic Front as the "authentic representative" of the people of Zimbabwe.

Mr Nujoma accused the five Western countries whose representatives are trying to achieve a negotiated settlement in Namibia of continuing with South Africa to protect their interests in the territory. He said that last week's visit by Western diplomats to Windhoek, where they held talks with delegates from the Turnhalle constitutional conference and other groups, was "illegal" and a breach of Security Council resolutions.

He said he was against the Western initiative because it sought to place Swapo on the same level as the Turnhalle "puppets". Swapo would never agree to a compromise unless the Turnhalle representatives renounced their present position.

Mr Nujoma's speech was his first considered reaction to the Western initiative on Namibia and follows two rounds of talks which he held with Western diplomats in Maputo yesterday.

Court told of shots near embassy

Nicosia, May 16.—A key witness in the trial of three men accused of killing Mr Roger Davies, the United States Ambassador to Cyprus, in 1974, held to protest against American failure to stop the Turkish invasion of Cyprus.

The three accused are former Police Sergeant Ioannis Kiriakides, aged 39, former Police Constable Lefteris Savva, aged 36, and Mr Neophytos Lefteris, aged 50, a mechanic.

Sergeant Kiriakides told the court that at the embassy he saw Mr Kiriakides in the uniform of the National Guard, carrying an automatic rifle, with a spare magazine sticking out of his trouser pocket. Near him was Mr Lefteris, who was a rifle. Then a police Land-Rover

arrived with Mr Savva in the front passenger seat, carrying two more rifles, the witness went on.

Mr Savva left the rifles in the vehicle and joined the other two defendants. He was carrying a revolver at his waist.

Three or four minutes after the three entered the building, Sergeant Kiriakides said, he had heard shots coming from it. He saw Mr Kiriakides and Mr Lefteris standing in a window.

Sergeant Kiriakides then heard shouts that the ambassador had been shot and later saw the three men leave the building.

The trial, in its second week, is expected to last another month.—Reuters.

Yale honour for British envoy in Washington

From Our Own Correspondent

Washington, May 16.

Sir Peter Ramsbotham, the British Ambassador in Washington, was praised for his vitality and durability when Yale University conferred an honorary degree on him at a ceremony.

The citation read: "In a world too often known only for formal courtesy and purely social representation, you have brought a vitality which has profoundly strengthened the ties of two nations. Your durability allowed you to survive our bicentennial with grace and spirit. Your ubiquitous

interest in all things American has helped us to discover ourselves, and also has aided your fellow countrymen to understand us."

"The happy relationship between the leaders of both the United Kingdom and the United States owes much to your personal brokerage. Yale is delighted to welcome you in the ranks of her honorary alumni by conferring upon you the degree of doctor of law."

The degree was conferred by Dr Kingman Brewster, the new President of Yale, who is resigning as president of Yale.

Djibouti elects its first prime minister

Djibouti, May 16.—Mr Hassan Gouled, president of the African People's League for Independence, was today elected Prime Minister of the French territory of the Afars and Issas.

Mr Gouled led the single list of 65 candidates who were elected on May 8 to the new legislative assembly.

A 16-man Cabinet—seven Afars, eight from Somali tribes including Issas, and one Arab—was formed today.

Talks on involving Swapo in Namibia elections

From Our Own Correspondent

Johannesburg, May 16.

Moves to involve the South-West Africa People's Organisation (SWAPO) in elections in Namibia (South-West Africa) will be discussed in Windhoek today as whites in the territory vote in a referendum whether to accept the constitutional proposals drawn up by the multi-racial Turnhalle conference.

The Turnhalle "constitution" committee of 35 is meeting to discuss the talks between Turnhalle leaders and diplomats representing the five permanent members of the United Nations Security Council that were held in Windhoek earlier this month.

Mr Dirk Mudge, chairman of the committee, said: "The primary purpose of our deliberations will be to consider a report by the financial committee of the Turnhalle. I think we can take it for granted that the Western proposals on South-West Africa will also be discussed."

These include free elections with the participation of Swapo under Western supervision and observation and suggestions on the form of an interim government other than that envisaged by the Turnhalle.

Turnhalle is the drift had in Windhoek where the multi-racial conference was held. Mr Mudge added that the final draft of a constitution for an interim government would be considered by the committee and would be delivered to the South African Government as soon as possible.

WORKERS SAY NO TO THE SHAH Labour Law and Strikes in Iran

T. Jäili

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THE ARTS

Jubilee
BBC 1

Stanley Reynolds

That opening was rather a ripe piece of theatrics; but as the grandpaterents started to explain how it all came about, one was hooked. Miss Weldon was able to make it seem realistic and also showed us the hypocrisy and sexual taboos of

Actually, it was the beehive hair style that startled one the most. Could girls have actually worn their hair that way 21 had quite forgotten those lacquered, teased, curled, and pinned styles, unrealistic when Amanda Boxer, playing the personal assistant to John Carson's university lecturer/TV personality/Labour candidate, was seen in bed with her hair in a beehive. The reserves, girls truly devoted to the beehive used to sleep sitting up in bed so as not to disturb those delicate hirsute the so recent past.

There was a tremendous amount of cynicism in the play, at times a despairing sort of cynicism, about politics and the world. The cynicism of Miss Weldon was hard on men, presenting Mr Carson's character as a wishy-washy who lived only for the sound of his own voice, she was equally tough on the women, presenting her as a pioneer of women's lib, but a hard and very shallow character. The only way out of such a cynical, savage world

Elsewhere the production rang true in spite of what seemed at first a highly melodramatic plot. Miss Weldon opened with Mr Carson and Gwen Watford telling their teenage daughter (Gwyneth Strang) that she was not their

**RPO/Dorati
Festival Hall**

Thomas Walker

Although it is true more or less by definition that Baydn's *Die Jahreszeiten* is never out of season, it is not for nothing that it merits. Another is its capacity to remind those of us who may have forgotten the season. Another is its form. A third is its inexhaustible fund of musical ideas that echo in many a more often performed work, from *Freischütz* and Beethoven's Ninth.

In performing a work which itself might have been germinated by crossing the Pastoral Symphony with *The Magic Flute*, timidity, sadness or any other illusion of simplicity are vital. For if it is true that Haydn's inspiration remains at fever pitch throughout, it is no less true that two and a half hours of narrative nature-painting place heavy demands on an orchestra's capacity for woodland masked by masculine quiet, strings, and, especially, the advance of a strong team of soloists. Robert Tear, in splendid voice, was especially rousing in the wanderer song of "Winter," and John Shirley-Quick no less lusty in his depiction of the hunt. A hint of strain in Jill Gomez's soprano had disappeared in time for a clear, fluid rendition of the spinning girl.

By those standards, indeed by any standards, the Royal Philharmonic Orchestra's account of the work on Sunday, conducted by Antal Dorat, was a joyful occasion, and one that several

Nelson Freire

Queen Elizabeth Hall

Joan Chissell

The young Brazilian pianist, Nelson Freire, had not given a recital at the Queen Elizabeth Hall for ten years. After his return we must hope he does not stay away for another decade. Even in this virtuoso-stated age, his apparently effortless strength and fluency, allied with seductive sonority, made it no

of ordinary subtle phrasing. The first half of the song is divided between César Franck and Kavel. *Gaspard de la Nuit* best displayed his liquid fingerwork and total magic. From an unmusical phrasing, "Odine" might have seemed hurried at his tempo. But his phrasing was fluid and graceful enough to evoke the water-sprite in her elusive

slipper, a supernatural air. The Libero with a finely wrought, twisting bell, was superbly binding. Scarbo was recklessly fast, sometimes too fast to chill the spine as it can, though here again there was some remarkable rose-colouring. Predictably, *Franch's Petite*, *Choral et Fugue* ended in a blaze of triumph, with every

fibricity in snow-pieces, and particularly Mr Reire's sleight-of-hand in Godowsky's *Prelude*. The programme drew cheers. But a prelude and a miniature suite, *As tres Marias*, by his compatriot, Villa-Lobos, thrilled me far more for the super-fine quality of sound extracted by such sensitive finger-tips.

French ensemble not coming to London

The concert which was to have been given by the French ensemble, Collectif Musical International de Champigny, on Friday, at the Queen Elizabeth Hall, has had to be cancelled. The London Sinfonietta, who invited the Collectif to perform, has indicated that usual mountable difficulties make it impossible for them to come to London.

Some of the notices on this page are reprinted from yesterday's later editions.

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Stanley Sadie

Frank Stella: Steller's albatross

curve. Despite this use of forms drawn from the making of art itself, the paintings do give the impression of being merely "self-referential" or art-about-art. They have a springing, vital self-sufficiency that classifies the energy which propels them into the real world. The enormous *Lapsan Millerbird* hung at the end of the gallery, 13ft by 18ft, juts out against its forms from a field of energy which is the ground as exhilarating as a bright May day. The space of the huge upstairs gallery at Oxford is quite transformed and energized by these works, as is the room below.

Nearly 20 years ago John Berger wrote that the question he asked of a work of art was whether it encouraged men to know and claim their social rights. The reason is that if Berger over-literally, but if this huge work were placed in a dingy, depressing Social Security office the claimants might well be more convinced of their claimlessness. Which is the claimlessness of the *WPA* in the *WPA*—Carmichael, Calkin, and

Cabell are not going in for anything like Roosevelt's *WPA* art. They are rather more figurative murals painted for the *WPA* in the Thirties can have inspired much social action. But the photographs taken for Roy Strick's Farm Security Administration (an agency of the *WPA*) certainly did. The story of how Dorothea Lange's most famous picture *Migrant Mother*—Mother and child—was the postcard of California in 1936 is told in the catalogue of *The Compassionate Camera* exhibition, at the Central London Polytechnic (305, Regent's Street, W1) until the end of the month. The *FSA: A Vision Shared*, by Hank O'Neal, has just been published by the St James Press at £22; this contains many fine photographs including a number of less-known photographs.

Many of the artists who worked for the *WPA* turned to Abstract Expressionism during the war years and after, as the *WPA* was wound up. It is in reaction against the public

Paris anatomizes The Magic Flute

There was a majestic verdict of an unimpeachable kind, expressed in unmistakable fashion, on the Paris Opera's new production of *Die Zauberflöte* last weekend: that it was musically a success, vocally a failure. Broadly speaking the

audience seemed a fair one.

More than any other Mozart opera, or indeed any opera, does it have its *aria*. Die Zauberflöte is susceptible of interpretation. Something, a producer may reasonably feel, has to be done towards explaining how it is that an opera seemingly so free equally with triflingness and with trivialities can be so profound in its effect. Yet there is always a danger of producing the message—whatever one takes it to be—rather than the opera. Schöndorf's production, which he wrote. In France a masonic interpretation has been much favoured, and Horst Zankl's new production, in settings by Arlik Brandt, duly includes the symbol of the Square and Compass, and the priests wear masonic devices, and so on. There is also much solar symbolism, with the sun and its rays variously portrayed, notably in the costumes, symbolising, it is thought, the sun and moon which radiate, firmly seen together, forming radiating beams, only in the closing tableau.

Each then down.

That, however, came opportunistically, for the first stoppage was for Arlik Brandt's just sung "Ach, ich fühle in" in a way that, very properly, drew from the audience a box of frenzied, rhythmical applause. When she had first appeared in the opera, I felt as if I were from Mosbustad, she had sung that soaring phrase in a way that sends shivers through the spine and turns grown men's knees (not only Mr Bernard Leavis's) to jelly. "Ach, ich fühle in" was characterised, with understated, descriptive critical terminology, by rich and intense tone, a precise placing of each note and phrase, and carefully timed and shaped cadences. It was a performance of such quality that it remained simple while being exceptionally beautiful and deeply felt. And all this was matched, even surpassed, by her radiant singing of the glorious F major music at her entrance, and, I must mention, the equal radiance of her stage presence.

When I—And I think a good many others—found perplexing were the somewhat elements of confusion that surrounded the Opera scene. Was simply the specified rocky landscape, including a large mountain with rocks dividing as they should to disclose the Queen of Night. The three temples, however, are not the temples of the gods, but Ears, Mouth and Eyes. If the eyes have it, why not the nose?—and indeed nostrils are duly prominent in the first scene of Act II. A pair of huge, fibrous hands with claws appear, and the Queen of Night tissue resembling internal organs, as well as verities for so it seemed) turning up in the wings. The tree, the moon and even the rocky mountain. The scene is a mixture of biological and geological appearance. The Opera begin to seem like an operating theatre. *The Zimberflüte* may be a work about the wholeness of men, but in a sense somewhat more far-reaching than a display of his individual parts suggests. The curious preoccupation with anatomy, the anatomy of birds (a three-legged man, a four-breasted woman) dance to Toulou's flute rather than birds.

But there was much in the staging that was sensible, practical, and truthful to Mozart and to Schöndorfer, Trepador, and to gothic horror. The treatment of character was simple and without gloss or affectation. The priests' choruses were done with due formality, even if with some flimsy trappings at the beginning of Act II. It was in principle a good idea to adjust the lighting and bring the principals to the front of the stage whenever a moral was being pointed, though the idea was too crudely executed, making the 'breaks,' like television commercial damage the continuity of the music, the words, the action. The printed placard about the ordeals was perhaps a leaf borrowed from Lignar Bergman's book, and it would have been better had the placard been disposed of before the end of the scene.



lyrique, applying his to *Platée*. It is hard for us to feel much sympathy with a world in which ugliness is a manner for sport—not merely for childish teasing but for an elaborate, full-length evening in the theatre for an audience of supreme sophistication in the Paris of 1749. And I might add that that nothing, during a surprising evening at the present revival by the Opéra-Comique at the Salle Favart, surprised me more than the laughter that greeted the grammatically inadequate *opéra-comique*. Here, *Platée's* finery is ripped from her by a couple of attendants and she is degradingly exposed.

Plautus, an ugly marsh nymph, queen of the frogs, who fancies herself adored by all who see her. Kitharion, a handsome youth, who has been a victim of her amorous hopes, hatches a plot with Mercury for her discomfiture and for the making of Juno's jealousy. Jupiter will pretend to be enamoured of the marsh nymph. The whole is set in the context by the prologue, "The Birth of Comedy", in which Thespis tells the satyrs and the maenads of the tale he is to present. The prologue was done at the Solle, and was as vulgar, gross, and as much as the poets and mimes as vulgar, gaudily dressed eighteenth-century fops and tarts, wearied by prolonged exercise of the rites of Bacchus and Venus.

In this production, by Henri Ronse, with costumes and settings by Beni Moustons quite as exuberant and as colourful (you might say as tasteful) as his Covent Garden *L'elisir*, it was hard to be sure how much we were being invited to laugh against the opera and how much with it. The fierce visual dissonances and grotesqueries—the garish cerises, purples and oranges, for example, or the preposterous plumbed helmets—made a kind of cheap background, with far more music even when it is parodying itself; and the notion of having on stage some mechanics pretending to wind down Mercury's cloud can only make the whole

formal orchestral is not uniformly impressive. The choral singing, surely, is indeed inspired by the spectacle from the pincers of the evening-dressed singers in boxes and the circle corners, where sometimes, curiously, they were thought worth illuminating. Among the principals there were impressive high tenors in Charles Bursles (Mercury) and Jean Duouy (Thespius), a sound baritone Kiraev in Jeco-Milly Frémoux, and a pleasant Polly in the soprano Elise Marcher. But on every plane I missed the life-saving devotion to style that marked the great French performances in London.

Stanley Sadie

The Times Special Reports

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THE POSTMAN'S RIGHT TO STRIKE

In spite of Mr Michael Foot's strictures in his speech on Sunday, the judiciary have not yet made any ruling on the right of Post Office workers to strike. Since he spoke of the erosion of parliamentary decisions it may be worth observing that in the case he clearly had in mind, despite disclaimers, the judges showed more respect for statute than the Attorney General did. The Gournier case is still under appeal, and as it has developed it only peripherally affects the rights of postal workers. Mr Gournier could not have brought his civil action against the UPW if they had been acting in contemplation or furtherance of a trade dispute (as defined, pretty broadly, by the Trade Union and Labour Relations Act, 1974), instead of attempting, as they were, to mount a political boycott of a foreign country.

The right of postal workers to strike in their own interest is dubious. It was not seriously disputed during their 47-day strike in 1971, though Professor K. W. Wedderburn did draw attention at the outset to the fact that the Post Office Act, 1953 made it an offence punishable with imprisonment for any officer of the Post Office who "contrary to his duty wilfully delays or omits to deliver any postal packet or solicits another to do so. That seems plain enough on the face of it, though if contract of employment referred to procedures for industrial disputes, or anything of the kind, it might be possible to argue that striking

was not "contrary to duty". But from the discomfort Mr Tom Jackson has shown it must be supposed that this would not be easy.

Postal workers and policemen are almost alone among civilians in being denied the right to strike. Gas, water and electricity workers have similar disabilities removed by the Industrial Relations Act, 1971. The police obviously have special responsibilities and disciplines. But it is difficult to argue that postal workers are more like the police than power workers. The consequences of a Post Office strike would be economically grave and could well be dangerous if, for instance, emergency telephone calls to doctors were obstructed. But the dangers of a strike in electricity, strike, especially in winter, are probably greater.

If, in our society, workers in these categories, facing an grievance over their working conditions or pay, it is in practice impossible to prevent them striking. Postal workers in the East End were striking only a few weeks ago over overtime schedules. The Government and the Post Office Corporation no more thought of taking them to court than Mr Heath's government did in 1971. It would have been folly to try.

Unenforceable law is bad law, and a simple amending Bill would not be objectionable. But two reservations need to be made. Unlike electricity and gas supply (and unlike tele-

communications, too, these days) postal services are uniquely well fitted for putting individual pressure on anyone anywhere. A postman's boycott would rapidly paralyse many kinds of enterprise and could be a cruel means of victimization. The recent case of Grunwick Laboratories shows that the union, if the law allowed, would not necessarily resist TUC pressure to apply such a boycott even in disputes in which it had no direct concern. Sympathetic "blackening" is a common, though often objectionable, union tactic. In the special circumstances of the postal service it would be an oppressive weapon, and legal sanctions against it are neither superfluous nor unenforceable.

In the 1971 strike the Government rightly suspended the Post Office's monopoly of the mails, so that others could offer some kind of alternative service. A government of a different complexion might have done so less readily. Any amending Act should make the suspension automatic for the duration of any major postal strike. The statutory monopoly was originally created to protect communications from the caprice of sectional interest, and if instead it makes them prey to it, it should be withdrawn. This is a rule that should apply generally, indeed, and not only in the Post Office. A monopoly, whether in the mails, on the roads or elsewhere, can only be justified as long as and if it serves the interest of the public.

PROGRESS OF THE KING OF SPAIN

The Spanish road to democracy is full of stumbling blocks and potholes. King Juan Carlos and his government have not avoided them. They have stumbled many times, and each time the watching world has gasped and held its breath. Each time the pundits have nodded their heads and said, "Ah! We told you it wouldn't be so easy." In fact, no one believed it would be easy, and almost no one believed the young King would be equal to the task. Observers were divided into those who thought he had no intention of going beyond a facade of democratization, and those who thought he would like to go further but lacked the intelligence, or the determination, or simply the power to put his wishes into effect. Was he not the heir of Franco, owing his throne purely to Franco's will, surrounded on all sides and closely watched by Franco's lieutenants?

The fact is that we all underrated both his sincerity and his political skill. Indeed if he learnt anything from his education at Franco's court it must have been not the official conservative and authoritarian doctrine but the art of politics itself, and also, in great detail, the character of the individual courtiers—who could be relied on, and for what tasks. And so, skillfully naming the right men to the right jobs at the right times, "Juan Carlos el Bravo"—the king who, according to the wits, would be enthroned and dethroned within the same week—has not only stayed on the throne for eighteen months but

has brought his country to within one month of a free general election. The "king of July 18" (heir, that is, only to the military uprising of 1936) is now the legitimate heir of the Bourbons, by consent of his father who was always rightly convinced that the monarchy would survive in Spain only if it became constitutional.

Even more strikingly, he has won the allegiance of democratic opposition leaders (among whom one may hesitantly class those of the Communist Party) whose background and prejudices are definitely republican, and who eighteen months ago were convinced that reform of the dictatorship from within was not possible, that a "democratic rupture" was essential, who even last autumn were warning their homologues in other West European countries not to be taken in by the "pseudo-reform" of the Suarez government.

The choice of Señor Suarez as prime minister was no doubt the shrewdest single move the King has made; and since Señor Suarez has somehow clambered out of all the previous potholes, with an enhanced reputation, it would be foolish to suppose that he will not get himself out of the one he is at present negotiating in the Basque country, serious though it undoubtedly is. The Basques are demanding an amnesty for their remaining political prisoners, who are said by the government to number only twenty-seven and to be perpetrators of violent crimes. There seems to be a serious danger that, if this request is

not granted, or at least if some compromise is not found, the Basque political parties will boycott the elections—thereby endangering the legitimacy of the election result for the country as a whole.

The Basques do not accept that all the people concerned were directly implicated in acts of violence. Some have not yet stood trial, others were convicted under very summary procedures, yet others were not proved to have personally inflicted death or injury. But even those who did, the Basques say, were only exercising a right recognized in constitutions and Bills of rights the world over, the right to resist oppression. That the Basque country was oppressed under Franco could hardly be denied. Nor can it be denied that traces of that oppression still remain, in the shape of habits formed by the police and the civil guard over many years and, alas, not easily unlearned.

An amnesty covering crimes of violence against the dictatorship can logically be expected at some point, though it is understandable that the government should wish to wait until the elections are safely over rather than risk provoking further discontent among the forces of law and order now, and certainly understandable that it should take a "less lenient view of crimes of violence committed while its own efforts to introduce democracy in already difficult circumstances were under way. The Basques should have the good sense to recognize these points and a sensible compromise should be reached.

BUT WAS NOT MR JUSTICE WIEN MISTAKEN?

The belated fit of common sense which has seized Sir James Goldsmith and those involved with *Private Eye*, enabling them to settle the proliferation of legal differences between them, is to be welcomed. If *Private Eye* has, in the past, pursued a vendetta against Sir James, as he claimed, the *Eye*'s response was equally a legal vendetta against the magazine, which could have threatened its existence. Whatever relief might be felt at the ending of the feud is, however, tempered by a sense of loss at some of the legal loose ends which remain.

The most important unanswered legal point concerns the status of the offence of criminal libel, when allegedly committed by a newspaper. By the Law of Libel Amendment Act, 1888, the consent of a High Court judge is required before any criminal prosecution for libel can be instituted against a newspaper or other publication. That consent was obtained by Sir

James From Mr Justice Wien in April last year. Although the defendants wanted to challenge the correctness of that affirmative decision by the judge, the law provides that the avenue of appeal, that is itself unsatisfactory, and ought to be remedied by legislation granting a defendant the right of appeal under those circumstances.

Now, with formal verdicts of not-guilty being directed by the judge against the defendants facing the charges of criminal libel, after the prosecution had offered no evidence, Mr Justice Wien's decision can no longer be challenged, as it undoubtedly would have been, probably to the House of Lords if necessary, had the case continued. The point at issue is, simply, whether a criminal prosecution for libel lies where there is no threat to the peace and no wider public interest involved.

Mr Justice Wien considered that the breach of the peace element was not a necessary

ingredient of the offence. His view appears to be supported by a 1935 case in the Court of Appeal, *R v Wicks*. But there is also a great deal of case-law, and a strong opinion in the text-books, and elsewhere, suggesting that, unless there is a threat to the peace, a charge of criminal libel should not be brought. That interpretation is to be preferred. The person defamed can bring a civil action for damages for libel, and the criminal law should not step in where the dispute is essentially between two parties, the wronged one of whom does not remain without a remedy. In other words, for a criminal prosecution to lie, there should be some element which carries the case outside the confines of a bilateral dispute and gives it a public dimension, necessitating the possibility of penal intervention by the state. It is a pity that the higher courts were not given a chance to declare the law on this narrow, but important point.

From Mr David Rosen
Sir, The scarcity of cyclists on the cycle tracks along the Oxford ring road (Letters, May 11) is a reflection on the planners, rather than the cyclists. Unless one is very fit, the bicycle is a short distance vehicle, ideal for journeys of between one and five miles. Thus it is not surprising that few cyclists use the ring road, as it is mainly of use to vehicles by-passing Oxford on a long journey. Any cyclist on such a trip would in any case tend to go through the town in order to reduce distance.

From Mr Howard N. Boyd
Sir, Mr J. J. Leeming's letter (May 11) raises an interesting point about the cycle paths which like many of our pre-war dual carriageways. Cyclists have found from experience that their surfaces are usually inadequately maintained and often covered with broken glass or fine gravel from the carriageway. There is a chain reaction, as the usage declines, so local authorities are less disposed to spend ratepayers' money on maintenance, and clearance. A far more serious objection is that these cycle paths protect cyclists where they need least protection—along unsurfaced stretches of road. The vast majority of accidents involving cyclists occur at junctions, and roundabouts are particularly dangerous to cyclists. The pre-war cycle paths characteristically stop just short of every junction and compel the cyclist into the maelstrom of the traffic, often

Next Ambassador in Washington

From Sir Ian Gilmore, MP for Chesham and Amersham (Conservative)

Sir, You criticize me (*The Times*, May 16), in a friendly way, for having drawn attention to the precipitate removal of our excellent Ambassador in Washington and his replacement by Mr Peter Jay. Yet Mr Jay's appointment is surely the most spectacular act of nepotism for decades, and your remark that "the fact that Mr Jay is the Prime Minister's son-in-law has nothing to do with it" is astonishing. Nepotism can of course be defended as a good way of bringing on young and able people like Mr Jay, though that is certainly not a Socialist view. But to imply, as you and others have done, that because the beneficiary is an able man, there is no nepotism, is untrue. Do you seriously believe that if Mr Jay had not been the son-in-law of the Prime Minister and the close friend of the Foreign Secretary, he would have been given the Washington Embassy? Of course he would not even have been considered.

While Mr Jay's considerable abilities are undoubtedly, they will not necessarily make him a good Ambassador. However, his reported opposition to Concorde, his distaste for the EEC and his evident belief that the British political and economic systems are doomed, hardly make him an obvious choice as the proponent of an America of present day Britain.

We must all hope, nevertheless, that Mr Jay will be successful in Washington. Even so, patronage is patronage, and nepotism is nepotism, and nothing is gained by hailing them as triumphal meritocracy.

I am, Sir, your obedient servant,
IAN GILMORE,
House of Commons,
May 16.

Minister's family will undoubtedly be seen as a complimentary gesture in respect of Mr Carter's open and homely approach to government administration, international diplomacy, and indeed Anglo-American relations. If we are to believe what we have read about the Callaghan-Carter rapport, then the family tie is, if anything, an added plus in Mr Jay's favour.

Very sincerely,
SUSAN HART,
64 Windsor Road, N7.

From Sir Jack Lyons
Sir, As Britain's Chairman of the Bicentennial Arts Committee (Foreign and Commonwealth Office) I was responsible for many of our country's tributes to the United States of America in 1976, there were several occasions when I worked closely with Sir Peter Ramsbottom in Washington.

I found that not only was he personally respected by the Americans I met in government, and those associated with the arts and education, but that he earned a high level of respect and esteem for Great Britain during one of the most difficult periods of our history. He achieved this by his immense dedication to his job and because of his natural and friendly way of getting to the hearts and minds of Americans in numerous chief, towns and villages across that vast continent.

His knowledge and appreciation of the arts brought Sir Peter into close contact with the cultural life of America which helped to maintain and enhance further the cultural and common heritage of our two nations.

His successor, no doubt deserving of the post, has a great Ambassador to follow and to emulate.

Yours faithfully,
JACK LYONS,
Sheldall House,
2 Campden Hill, W8.

From Mr Hugh Leggett
Sir, The people of Bermuda are to be congratulated on the appointment of such an able and fair-minded administrator as their new Governor. I should know, I was once Sir Peter Ramsbottom's lap at Eden.

Yours faithfully,
HUGH LEGGETT,
30 St James's Street, SW1,
May 16.

From Mr L. F. Holliday
Sir, Mr Norman Atkinson (May 10) writes that the big banks have no mandate to dissipate the deposits of their customers by lending money to "lame ducks".

It is essential and crucial that the banks maintain their stability and financial soundness.

During the depression years of the thirties, when financial establishments all over the world were collapsing and causing economic chaos, the British banks stood firm and they have remained so since.

Does the treasurer of the Labour Party wish to destroy this financial soundness?
Yours faithfully,
L. F. HOLLIDAY,
5, Camberley Court,
Rotherfield Avenue,
Bexhill-on-Sea,
East Sussex.

Jubilee decorations

From the Director of the Design Council
Sir, The short answer to Sir Brian Bedford's question (Letters, May 16) is clearly "No".
Yours faithfully,
PAUL REILLY,
The Design Centre,
28 Haymarket, SW1.

such monopoly, and that inter-computer transmission of information is in a far more advanced and efficient state there.

Perhaps the cashless Utopia in which Mr Atkinson looks forward would be achieved more efficiently than he realizes with less, rather than more, nationalization. And what could reconcile people more to that state than to know that the Government-controlled Post Office would not have access, through its transmission lines, to every single one of its citizens' monetary transactions?

Yours sincerely,
YORICK WILKS,
University of Essex,
Department of Language and Linguistics,
Wivenhoe Park, Colchester,
Essex.

From Mr R. P. Holliday
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L. F. HOLLIDAY,

5, Camberley Court,

Rotherfield Avenue,

Bexhill-on-Sea,

East Sussex.

LETTERS TO THE EDITOR

Heredity factors in earning capacity

From Professor H. J. Eysenck

Sir, Neville Hodgkinson's account in your Friday issue (May 13) of the important work done by geneticists to document the overwhelming importance of genetic factors in determining differences in earnings, social status, and other social characteristics does not mention one issue which powerfully impressed itself on me when I was giving evidence on these points to the Royal Commission on the Distribution of Income and Wealth.

The members of the Commission are politicians, industrialists, trades unionists, economists, sociologists and the like: not one is a psychologist, biologist, or geneticist. This disproportion is bound to affect the deliberations and conclusions of the commission, and in spite of the strength of the biological factors in determining the differences in earnings, which are the subject of the whole enterprise, it seems unlikely that the commission is in a position to do justice to these factors, or discuss their contribution knowledgeably.

This strange and somewhat odd situation illustrates well the swing of the pendulum which has elevated environmentalistic doctrines, however poorly supported, into positions of dominance and influence, and has relegated biological teachings, however strongly supported by experiment and analysis, to the backwater of intellectual debate. By the same token, we find environmentalistic socialists, and even poorer supported, and even more dogmatic and planned, supported by universities and research-granting bodies, while there is little money for demonstrably important genetic and generally biological behavioural investigation.

The almost incredible growth of sociology departments during the past dozen years, leading to a sad devaluation of academic criteria in that subject, has not been paralleled by a similar growth in the number of genetic departments: behavioural genetics in particular is almost confined to two or three

departments in this country, with little prospect of growth.

I would like to suggest that it is time for the pendulum to start swinging in the opposite direction—hopefully without overshooting the desirable middle mark where both genetic and environmental influences are given the weight they deserve on factual grounds. As a beginning, perhaps the commission might be persuaded to add some psychological, genetic and general biological experts to their number: I am sure that their deliberations will be much aided by such an addition.

Yours truly,
H. J. EYSENCK,
Department of Psychology,
Institute of Psychiatry,
De Crespigny Park,
Denmark Hill, SE5,
May 13.

From Dr C. J. Todes
Sir, A considerable claim is made in *The Times*, Friday, May 13, for the general value of the study of twins' earning capacity. The fact that Dr Taubman's work is a study of twins makes it invalid for extension to the ordinary population.

The personal experience of twins in growing up, in so far as they have each other as near mirrors for comparison, is rather different from the rest of the population. This predisposes them to a different order and quality of competitive or cooperative experience and would influence the results in the direction of Dr Taubman's findings.

Once again, as in the debate on intelligence, with the supporters of heredity living up against the environmentalists, there has been a neglect of the individual's ongoing experience and expectation as vital influences on the outcome of the research. I wonder if both sides are aware of personal interests in such an omission?

Yours faithfully,
CECIL TODES,
Consultant Psychiatrist,
38 Clifton Hill, NW8.

Plea changes

From Dr John Baldwin and Dr Michael McConville

Sir, We write in response to the article by your Legal Correspondent of May 10 and the letter you publish from the Chairman of the Bar (May 12) concerning our story of pleas of guilty in the Crown Court. We regret as much as anyone that there has been so much speculation in the press based upon a premature and inaccurate leak about our book *Negotiated Justice* to be published in the autumn. Our competence and integrity as researchers are matters for others to judge, and the Chairman of the Bar is, of course, fully entitled to express the view that our "research" is not as good as that of other researchers, but we do not propose to discuss at this stage the substance of our book, though it is necessary to deal with some of the points raised by Mr Webster. The correction of alleged injustices is a personal problem for researchers, whether to intervene in individual cases or to remain detached. We foresee this ethical dilemma at the outset, and our position on it (which was made clear to the Bar in September, 1974) was that it would have been quite wrong to have attempted to influence the outcome of individual cases. To have done so would have jeopardized the whole research, because of the guarantees of anonymity and confidentiality to all parties that such studies necessarily involve. On occasions, we informed defendants at the end of the interview of their rights of appeal, but it was made clear to them at the outset that the purpose of the interview was not to assist them in any way. The important point, it seems to us, is that, as authors, we are not directly in the operation of the legal system, it could have the long term benefit of helping other defendants similarly placed. The Bar's stance on this is quite understandable, but we as researchers are obliged to take a different view.

We had, at various times since July, 1974, discussed ways in which individual barristers might be involved in our main research but, despite the willingness of barristers in the Midlands and Oxford Circuit to cooperate in the study on the lines we proposed, the Senate of the Bar refused to allow them to participate. In our last approach, as your Legal Correspondent reported, we offered the Bar an opportunity to contribute a statement about the matters raised in *Negotiated Justice* and we assured the Bar that this would be included in the book. For reasons, which have not been communicated to us, the Bar has rejected this offer.

Yours faithfully,
JOHN BALDWIN,
MICHAEL MCCONVILLE,
Institute of Judicial Administration,
Faculty of Law,
The University of Birmingham,
Birmingham.

Tony Greig's dismissal

From Mr Stephen Hodges

Sir, In his article on the decision to dismiss Tony Greig, England Test Captain (May 14), John Woodcock writes, "no one is likely to be convinced that he has acted less than miserably as the reigning captain". Mr Woodcock is wrong in his assumption that his views are shared by the world, but if such an attitude is rather pompous, it is, nevertheless, relatively harmless. What is inexcusable, in my opinion, is the way in which Mr Woodcock extends Greig's "miserable" conduct.

"What has to be remembered, of course, is that he is an Englishman not by birth or upbringing, but only by adoption. It is not the same thing as being English through and through." At best this might be a misguided attempt to rationalize what Mr Woodcock sees as a lack of patriotism on Greig's part. At worst this is shabby and objectionable chauvinism, which will become *The Times* front page.

Yours faithfully,
STEPHEN HODGES,
Staplegrove,
6 Church Street,
Hampton,
Middlesex.

'Badger Watch'

From Mr Reginald Williams

Sir, What a pity Michael Church does not possess the capacity to appreciate the simple things of life.

Because the BBC, in *Badger Watch* has, this week, given a rare opportunity to nature lovers—and there are thousands of them, judging by the sale of natural history books—to penetrate a small corner of Nature's Kingdom, your critic (May 12) decided to paint your illiterate columns with a petty effusion which dripped with the over-optimistic of a hardened West End show-biz-follower and one who could never have known the bitter-sweet earthy smell of damp woods after twilight or the mystery of the nocturnal countryside which has inspired so many of our greatest writers down the centuries.

Not since the early days of radio, when Beatrice Harrison played her cello in a Surrey wood in order to induce the nightingales to sing, has the BBC succeeded so well in putting in an atmosphere which enabled listeners to "Enter these enchanted woods" to see and hear some of Nature's creatures in their natural surroundings.

Yours faithfully,
REGINALD WILLIAMS,
106 Garden Lane,
Chester.

Henry James at Mentmore

From Mr Charles Anderson

Sir, On November 28, 1880, Henry James wrote to his mother in America an account of his weekend visit at Mentmore that seems relevant to the current agitation about that Victorian palace. Here it is:

"This is a pleasant Sunday, and I have been spending it (from yesterday evening) in a very pleasant place. 'Pleasant' is indeed rather an odd term to apply to this gorgeous residence, and the manner of life that prevails in it; but it is that, as well as other things besides. Lady Rosebery (it is her enviable dwelling) asked me down here a week ago, and I stop till tomorrow. There are several people here, but no one very important, save John Bright and Lord Northbrook, the last Liberal Viceroy of India. Millais the painter has been here for part of the day, and I took a walk with him this afternoon back from the stables, where we had been to see the new horses. Derby trotted out in succession. This will give you some idea of the scale of Mentmore, where everything is magnificent. The house is a huge modern palace, filled with wonderful objects accumulated by the late Sir Meyer de Rothschild, Lady R's father. All of them are precious and many are exquisite, and their general Rothschildish splendour is only equalled by their profusion. . . . They are all at afternoon tea downstairs in a vast, gorgeous hall, where an upper gallery looks down like the colonnade in Paul Veronese's pictures, and the chairs are all golden thrones, belonging to ancient Doges of Venice. I have retired from the glittering scene to meditate by my bedroom fire on the fleeting character of earthly possessions."

Many years later these meditations flowered in one of James's finest short novels, *The Spoils of Poynton*. But a few weeks later, in a letter to his mother dated January 10, 1881, he added a postscript on the walls of Mentmore. From another Rosebery residence, The Durdans, "a small so-called bachelor house at a sporting character, close to Epom Downs," he wrote: "This is a delightful house, full of books, of entertaining objects, of pictures, to say nothing of several charming Gainsboroughs and Watteaus, and worth to my mind a hundred times over all the grandeur of Mentmore."

Yours,
CHARLES ANDERSON,
Church Cottage,
Linton,
Cambridgeshire.

RGAN
in ItalyThe second
most
influential
American? P19GEC's objections
on Drax turbine
merger explained
to Mr CallaghanBy Malcolm Brown
and Maurice Corbin

Sir Arnold Weinstock, managing director of GEC, yesterday met Mr Callaghan, the Prime Minister, to outline the reasons why his electrical manufacturing group is opposing plans for creating a national turbo-generator enterprise with Reynolds-Parsons, in which the state-owned National Enterprise Board would hold the balance of management power.

The meeting was private, with no notes taken. No representatives of the Departments of Industry and Energy, or the NEB, were present, so allowing a frank discussion. Sir Arnold is understood to have urged the Prime Minister to place a Government decision to place important generator orders for the new Drax power station with the rival C. A. Parsons, part of Reynolds-Parsons, a corporation of the industry would be disastrous and an act of short-term folly.

GEC was only declaring what it felt to be in the best interests of the industry. Last night, a spokesman for 10 Downing Street stressed that the face-to-face talks, free of observers, had not produced any decisions, nor was it intended that it should. Sir Arnold had simply urged the Prime Minister up to date on his views.

Meanwhile, angry directors of Reynolds-Parsons are planning to hold a special meeting today, and later may issue a public statement deploring the attitude of GEC over efforts to form a new national company with safeguards for Parsons. They are furious at state-

ments made by Mr Bob Davidson, managing director of GEC Turbine Generators, during the weekend that the Government decision to order Parsons equipment for the Drax station meant old-fashioned equipment would be landed on the Central Electricity Generating Board as heavy cost to consumers.

Mr Davidson attacked the record of Parsons on reliability of its equipment and claimed GEC, which was happy to compete for the Drax business, would not get the order under fair competition.

The bitter tone now being taken by all parties to the Government's efforts involving the NEB to dovetail an agreed rationalization of turbo-generator manufacturing with the formal announcement of approval for bringing forward the Drax orders does not bode well for Mr Callaghan's direct intervention in the sensitive negotiations taking place on a daily basis.

The Parsons camp feel GEC has unnecessarily damaged the company's overseas sales efforts, and blame Sir Arnold's obstinate stand against creating an enterprise not under GEC control.

They feel their interests will be protected by giving GEC a 49 per cent stake in a new company, with themselves taking around 30 per cent, and the NEB assuming the balance of shareholder power.

Mr Callaghan will be urgently consulting Mr Varley, Secretary of State for Industry, and Mr Beesley, Secretary of State for Energy, on the outcome of his meeting with Sir Arnold. They have to assess the chances of an 11th-hour change of heart by GEC.

Insurers say
Ekofisk
blow-out bill
'only \$10m'

By Ray Maughan

London insurance market officials believe that the total cost of the Ekofisk oil production rig blow-out will be no more than \$10m (about £5.5m) on current estimates. The cost to the London market, a leading marine underwriter, would be very small. The allocation of final cost is complicated by reinsurance arrangements but the direct insurance charge is undertaken as to 85 per cent by Oil Insurance Ltd (OIL), a Bermuda insurance company owned by Agip, Norsk Hydro, Elf and Petrofina.

The remaining underwriting liability is covered by Lloyd's, and London, French and Norwegian insurers. It was stressed nonetheless that the computation of final cost is contingent on the need to drill a relief well near "Bravo", and the final results of any pollution hazard testing—the effect on fishing in the area is now under observation. London sources suggested yesterday that the oil industry and the relevant insurers have learnt a valuable lesson cheaply. "Bravo" is an old production rig costing \$65m (about £38m) against around \$1,000m for new platforms.

"Bravo" itself was undamaged and the oil it spilled was less than a fifth of that discharged by the Torrey Canyon—was of light grades which have consequently been dispersed largely by evaporation. The direct overall cost comprises the fee payable to Mr "Red" Adair, who sealed the blow-out, the clean-up operation and repairs to the rig itself and the cost of the mud, used to block the pipeline, an expensive item.

Reinsurance may be complicated by the fact that not all the owners of the rig were covered by the OIL insurance umbrella. A London insurer commented that he would not be surprised if the problem did not "bounce around the market for another three years".

£400m issue of variable-rate gilts

By John Whitmore
Financial Correspondent

The Government is to break new ground in the gilt-edged market with its first issue of a variable-rate gilt-edged stock at the end of this month. It will take the form of £400m of Treasury stock, and will not be the first instance of offered directly to the public. Instead, the Bank of England will take up the whole issue on its own account and leave investors to bid for the stock from the Government Broker.

The decision to make the stock available in much the same way as an ordinary "tap" stock rather than through a general offer for sale has been taken because of its experimental nature. It is felt that making it available in the market through the Government Broker will be a better way of establishing an appropriate price.

Interest payable seems likely to be a margin over the three-month Treasury bill rate established at the weekly Treasury bill tenders. Interest would probably accrue and be paid at six-monthly intervals. A full prospectus will be published on May 27, and the Government Broker will be open to receive bids from the market from May 30.

The main idea of introducing a variable rate gilt is to enable the Government to pursue a regular funding policy. At present when interest rates are low, investors tend to be reluctant to purchase conventional gilts bearing a fixed rate of interest because they fear that a rise in the general level of interest rates will both deny them the possibility of higher income and also leave them vulnerable to capital losses.

With a variable-rate gilt,

however, the investor has the prospect of rising income if interest rates are moving higher, and because the coupon on his stock will also be rising, of relatively stable capital value. Although variable rate stocks are generally considered to be more attractive when interest rates are rising, the authorities are keen to stress that the launch of their variable rate coupon at this particular moment is not necessarily to be taken as a sign that the Government view is that interest rates are soon to start moving upwards once again.

Financial Editor, page 19

Jobs protest
threatens
sugar supply

More than 2,000 Tate & Lyle sugar workers at the Merseyside refineries in Liverpool and Newton-le-Willows have decided to impose a ban on the movement of all bulk white sugar to the British Sugar Corporation from this morning. If workers at the London and Greenock refineries support the move it could lead to a shortage of packaged sugar.

The decision was taken unanimously, at the recommendation of the action committee, at mass meetings at the two plants yesterday. It is the first time industrial action has been introduced in the four-year campaign to save 1,000 jobs from being phased out.

The meetings also agreed that there should be no movement of either plant or personnel until agreement had been reached with management about the company's rationalization plan. Mr John McLean, secretary of the national and Merseyside action committees, said later that the way in which bulk supplies of white sugar were being sent to the BSC meant the virtual surrender of the packaged sugar operation at the two Merseyside plants.



Mr William Stern: Proceedings by Crown Agents on claims of about £20m.

Crown Agents in move
to recover Stern debt

By Richard Allen

The Crown Agents have taken steps which could lead to a bankruptcy petition against Mr William Stern, the former property tycoon. It was announced in the Commons yesterday. Replying to a question from Mr Dennis Skinner, Labour MP for Bolsover, Mrs Hart, Minister for Overseas Development, said she had been informed of the moves towards the end of last week.

Mr Stern whose £200m private property empire collapsed in 1974 is already the subject of legal moves which are expected to lead to bankruptcy proceedings being initiated by Keyser Ullmann, the merchant bank, Keyser is currently seeking judgment in the case of a personally guaranteed debt of about £1m.

As it is thought that Mr Stern cannot possibly cover this

debt, the Crown Agents move, involving claims amounting to about £20m would seem to be superfluous. However, a spokesman said last night that although Mr Stern could be made bankrupt only once, it was felt that the Crown Agents should start proceedings in case Keyser Ullmann should fail to carry through its moves.

Mr Stern has so far escaped bankruptcy, despite his huge personal debts, because of a reluctance to move against him while he was playing an important role in producing a workable Scheme of Arrangement for his companies.

Now that a seemingly acceptable Scheme is in operation, Mr Stern's personal significance has dwindled with the result that both Keyser and the Crown Agents have come to the conclusion that the time is now right to move against him.

Scots hotel
charges for
golf season
back to par

The Open, one of the four top tournaments in world golf, will not be the money-spinner it might have been for some hoteliers in the tournament area around Turnberry on the Ayrshire coast.

The Price Commission saw that yesterday after hearing of a golfing enthusiast who made a provisional booking at one hotel for the tournament week only to be told later that the tariff had been doubled. To protect the wallets of golfing enthusiasts the commission invoked the first of its powers under section 51 of the Consumer Inflation Act 1973.

Yesterday it served notice on hoteliers in the area that after a statutory 14-day waiting period, the commission will issue notices requiring proprietors to restrict their charges for food, drink and accommodation to the tariff in effect on May 12 for the period between July 1 to 10 inclusive, encompassing the full week of the championship.

All hotels in the Kyle and Carrick and Cunninghamham districts of the Strathclyde region are affected, as are those in the Wigtown areas of Dumfriesshire and the Galloway.

The commission realizes that the Open comes within most hoteliers' "high season" and that a premium would be payable by guests above the standard season tariff operative in May. Those hotels in the area operating a simple high-season tariff will not have to comply with the order.

The 4-star Turnberry Hotel, part of British Transport Hotels, is charging £23.50 plus service and VAT for the week for a single with a sea view, bed and breakfast, its normal high season tariff. Thus, it will not have to roll back its tariff. The problems have occurred, it is thought, with lesser establishments which view the Open as a blunderbuss attempt to draw in much-needed cash, especially from overseas visitors.

Section 6(5) of the Act allows the commission to issue a blanket warning to all traders in a sector within an area. Usually the Commission issues "warning" orders only to individual enterprises, and then only after a warning about overcharging or excess profitability.

Mr Frederick Dick, secretary of the Ayr Hotels and Tourist Association, said: "We quote the prices which we understand are those for the whole of the season. We have had no one complaining about raised prices for the Open."

Mr Clifford Westcott, secretary of the Westwight Tourist Association, said: "We quote the prices which we understand are those for the whole of the season. We have had no one complaining about raised prices for the Open."

Ronald Emler

Appliance
men to fight
short week

A thousand hourly paid workers at the GEC-English Electric domestic appliances plant at Liverpool who were put on a three-day week yesterday held a meeting in working hours during the morning. They voted four to one to give their shop stewards a free hand to oppose the move. They also instructed the stewards to oppose the management call for 400 redundancies although 100 have already been achieved voluntarily.

Statutory notices went out at the weekend to the other 300. The workforce expressed its determination to continue normal operations without pay on the two day-off days.

The factory is said to be losing £1.5m a year because of increasing costs and falling demand for electric cookers. The joint shop stewards' committee of the seven unions involved met later to draw up their campaign.

They decided to call for a mass walkout at the plant on Thursday, when their representatives will travel to London to lobby Sir Arnold Weinstock, head of the parent company.

Agreed bid terms for only half of
Cavenham stake jolts the market

Agreement has been reached between Générale Occidentale, Sir James Goldsmith's French company, and the independent directors of the food company Cavenham in which Générale Occidentale has a 51 per cent stake, on the terms of a bid by Générale Occidentale for half the outstanding shares of Cavenham at £2.25.

The terms will come as a shock to the market, which has been expecting a full bid at around £600 a share. In January Générale Occidentale announced that it was subsequently withdrawn.

Explaining why Générale Occidentale was making only a partial bid this time, Sir James Goldsmith said yesterday that Cavenham shareholders seemed to fall into two categories, those who very much wanted to sell, and those who very much wanted to remain with the company. This bid, he thought, should satisfy both categories.

However, Mr Christopher Ralston, of merchant bankers Hambros, who have been advising Générale Occidentale on the bid, said last night it had proved impossible to reach

agreement on terms of an offer in anything other than cash. He said that Générale Occidentale had some £40m in cash available, which it wished to use in buying the minority stake in Cavenham, but that the company was not prepared to make a full-scale bid in cash.

Mr John Gillum, of merchant bankers Samuel Montagu, who were advising the independent Cavenham directors, said that the alternative of a full bid had not arisen.

Mr Gillum also said that the income sweetener being offered to the remaining holders of Cavenham shares should be the partial bid by Générale Occidentale. It was important in securing the agreement of the independent Cavenham directors. Should the partial bid become unconditional, the company would make a recap issue of 10 per cent preference stock, in the proportion of £1 of stock for every three shares.

On the basis of the dividend already proposed, for a shareholding of £197.77, the prospective annual income receivable by Cavenham shareholders following this recap issue will rise from 5.3p to 8.6p per ordinary share.

Also conditional on the success of the partial bid for Cavenham's outstanding ordinary shares is a partial bid for the company's subscription warrants. Générale Occidentale is offering 42p per warrant for just over 75 per cent of the Cavenham equity, but also the consent of the Bank of England and the French authorities and the approval of Générale Occidentale shareholders at a meeting to be held on June 6 to the final offer.

It is to be funded principally by the issue by Générale Occidentale of convertible loan stock, which has already been underwritten in France by the Financial Editor, page 19

In all, Générale Occidentale is to acquire 25,610,905 shares under the scheme, which is conditional not only on the receipt of acceptances which will give Générale Occidentale 51 per cent of the company, but also the consent of the Bank of England and the French authorities and the approval of Générale Occidentale shareholders at a meeting to be held on June 6 to the final offer.

It is to be funded principally by the issue by Générale Occidentale of convertible loan stock, which has already been underwritten in France by the Financial Editor, page 19

State 'spending £900m to
keep 750,000 at work'By Peter Hill
Industrial Correspondent

Government attempts to secure continued employment for thousands of workers in the steel industry were being created or preserved yesterday by Mr Leslie Buckfield, Parliamentary Under Secretary of State at the Department of Industry.

Mr Buckfield told the annual conference of the National Society of Metal Mechanics in Llandudno that the Government was not standing idly by and watching unemployment linger.

Since April 1975, the Government had allocated more than £900m. The temporary employment subsidy scheme was at present protecting nearly 220,000 jobs and had so far cost £220m.

Together with other schemes large numbers of jobs were being created or preserved and it was estimated that the clutch of special employment schemes and training measures would benefit more than 750,000 people at a gross cost of £900m.

The employment and construction measures taken by the Chancellor in the recent Budget would maintain or create between 150,000-200,000 jobs or training places by the end of this year, while the proposed £80m. The temporary employment subsidy scheme was at present protecting nearly 220,000 jobs and had so far cost £220m.

The political and social difficulties which might arise could cause energy to become a focus for confrontation and conflict. It adds that the lower the world pays facing this issue the more serious the outcome will be. Even with prompt action the margin between success and failure between 1985 and 2000 is slim.

Mr Richard Eden, head of the energy research group at the Cavendish Laboratory, Cambridge, said Britain could emerge from its self-sufficiency in energy at a time when the world was facing this energy gap. Because of this Britain might not be able simply to make good its deficit with imported oil.

It concluded that nuclear power was capable of making an important contribution to the world energy supply although it still had to gain worldwide acceptance on a large scale. If nuclear plans did not materialize it could require a much greater concentration on the development of coal.

The problems facing nuclear power produce sizable differences in the study's forecasts for nuclear capacity in 1985 and 2000.

*Energy—Global Prospects 1985/2000, McGraw Hill £8.75.

FINANCIAL HIGHLIGHTS FOR YEAR
ENDED 31st DECEMBER, 1976

* Group returned to overall profit at £3,078,000 (1975 Loss £1,895,000) after Land Bank write down of £1,105,000 (1975 £2,389,000).

* Dividend of 1p per Ordinary Share recommended (1975 nominal 0.0500p).

* Group borrowing reduced from peak of £35m in early 1975 to present level of £2m.

* Increased profit contribution from all Group U.K. construction companies.

* Doubled turnover and increased profit contribution from overseas construction companies.

OTHER MAJOR POINTS OF NOTE
FROM CHAIRMAN'S STATEMENT TO
BE CIRCULATED WITH REPORT AND
ACCOUNTS ON 31st MAY, 1977

* All loss making motorway and trunk road contracts brought to physical completion.

* Marketing efforts ensured acceptable level of enquiries and reasonable market share of available orders.

* Rationalisation of Development Companies continued.

* Further extension overseas anticipated—additional orders in existing territories achieved and entry into new areas under way.

* Underlying trends reflected in 1976 trading result continuing into 1977.

* Overall improvement in result anticipated for 1977.

FRENCH KIER HOLDINGS LIMITED
Annual General Meeting—Friday, 24th June, 1977

Chancellor may detail pay hopes tonight

By David Blake

Mr Healey is still hoping for a pay deal which will limit the increase in earnings during the next pay round to at most 10 per cent. This figure includes all the special treatments, such as the 1.1 per cent "flexible" blip which the Government accepts is necessary, but does not include extra payments for productivity deals as long as these are self-financing.

The Chancellor may use the occasion of the Confederation of British Industry's annual dinner tonight to reassert his commitment to pay restraint.

He will still like to get a pay deal which spelled out in detail exactly how the provisions of a new pay code would affect each individual. He would thus prefer to have not only a detailed pay code, but also clear criteria which showed what the new deal would mean.

It is recognized, however, that such fine tuning may well not be possible. Thinking this seems to be turning towards a solution under which "everyone would be told how much he

was entitled to receive under the "norm" part of the deal, but no figures would be calculated for increases for individuals under the other elements of the pay code. The Government has determined that if such a system is used, then the pay increases received on top of the norm will be rigorously censored for the economy as a whole. In the way it hopes to be able to assure itself and outside opinion that the terms of the agreement meet its target of 10 per cent.

The Chloride Group, which has a vast workforce in this country of more than 10,000, is threatening to block future investment unless 3,500 workers on strike accept a new productivity deal which would give them an extra £4 a week. The group's factories at Clifton Junction, near Manchester, and Dagenham are closed because of the strike, which started at 6 am today. Management was prepared to sit out a long strike because, as a statement said last night, "Chloride has been paying for productivity which has not been delivered, and the company is not prepared to go on doing so."

A Chloride spokesman said: "Productivity in Britain is half that in the United States, and is also much lower than at our factories in Europe."

"We obviously must get a return on our money and if we can't get it adequately here, there are plenty of other countries around the world that are trying to get our money."

He said the group was spending £12m on a new plant at Manchester.

Investment block threat
to chloride plant strikers

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Nuclear power
could make
big contributionContinued from page 1
higher energy prices as the supply/demand imbalance became more apparent with the depressed effects on the economy. The increase for wholesalers was 1.5 per cent and for retailers 2.1 per cent.

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How the markets moved

Rises
Anglo Am Corp 5p to 254p
Bentley Corp 4p to 41p
Britt Borneo 4p to 152p
Coca-Cola 15p to 69p
Dykes J. 4p to 35p
Hogg Robinson 4p to 21p
Harpur Hides 1p to 12pFalls
Airt & Wilbott 21p to 31p
Beates J. 3p to 43p
Bulmer & Lamb 4p to 49p
Chertfield 6p to 21p
Gosport Cons 5p to 21p
Guthrie Corp 8p to 21p
Lipton L. 12p to 59p

Equities rallied from profit-taking gilt-edged securities had a quiet session. Dollar premium 120.50 per cent (effective rate 45.02 per cent). Sterling 19p 40p to 21.75p. The "effective" devaluation rate was 61.7 per cent.

On other pages

Business appointments: 20
Appointments vacant: 9 & 24
Wall StreetMovies 1p to 10p
Newmarket L. 10p to 120p
P & O Bros 3p to 185p
Rex Bros 7p to 65p
Rothschild 3p to 28p
Telecontrol 6p to 165p
Young B. 4p to 21pMcLeod Russell 5p to 210p
Nagat Explorer 7p to 37p
Reynolds Parsons 5p to 201p
Smith W. H. 12p to 22p
Spicer-Sampson 10p to 23p
Tanner Kemsley 8p to 50p
Wolfsberg 9p to 55pGold link \$0.25 an ounce to \$147.875.
SDR was 1.16122 on Monday, while SDR-E was 0.5333.
Commodities: Coffee prices advanced. Robusta index was at 1879.5 (previous 1683.8).
Reports pages 20 & 21

THE POUND

The Times index: 186.94-0.87
The FT index: 466.7-1.1

	Bank	Bank
	buys	sells
Australia \$	1.61	1.56
Austria Sch	30.35	28.75
Belgium Fr	64.25	61.25
Canada \$	1.84	1.79
Denmark Kr	10.66	10.25
Finland Mk	7.20	6.95
France Fr	8.74	8.45
Germany DM	4.24	4.02
Greece Dr	64.75	61.75
Hongkong \$	8.35	7.90
Italy L	145.00	140.00
Japan Yen	360.00	345.00
Netherlands Gld	4.40	4.18
Norway Kr	9.24	8.98
Portugal Esc	67.75	64.00
S. Africa Rd	121.75	113.50
Spain Pes	7.77	7.42
Sweden Kr	4.52	4.30
Switzerland Fr	1.76	1.70
US \$	33.75	31.00
Yugoslavia Dnr		

Rates for small denomination bank notes and coins supplied by Bank of International Ltd. Different rates apply to travellers' cheques and other foreign currency business.

Preliminary Announcements:
French Kier
Interim Statements:
ANZ Bank

Provisional April retail sales show slight improvement

By Caroline Atkinson

A touch of spring pushed shop sales in April up from March's very low level, but it was too slight to alter the underlying depression in retail trade.

Provisional figures released yesterday by the Department of Trade showed that sales volume in the three months to April was 4 per cent below that of the previous three months, despite the nearly 1 per cent boost last month.

This year has been a very bad one so far for retailers, with the average volume of sales in the first four months well below last year's level.

It is too soon to know whether the upturn in April heralds a change in the trend. One month's figures alone cannot give a reliable guide to what is happening, and the first estimates of retail sales are often revised substantially.

However, it seems likely that the sharp fall in spending this year is now bottoming out. It was in part a reaction to the squeeze on real incomes which began in the last quarter of 1976 but was not then reflected in sales.

A sustained upturn in consumer spending, however, is unlikely to come for several months. Real living standards are still falling as the present pay policy is holding wage increases below the rate of inflation.

April's provisional figures are in line with the lower sales volumes since January, and

RETAIL SALES

The following are the seasonally adjusted figures for the volume of retail sales, and value of new instalment credit released by the Department of Industry:

		Percentage change latest 3 months on previous 3 months annualised rate	New instalment credit released (£m)
1976 Q1	107.3	+6.2	844
Q2	107.6	+1.1	875
Q3	108.9	+4.9	915
Q4	108.5	-1.5	972
1977 Q1	105.0	-12.3	1,020
April	108.8	-2.1	291
May	108.8	-2.9	292
June	107.3	+1.1	292
July	108.8	+2.6	291
Aug	108.9	+5.1	305
Sept	108.9	+4.9	319
Oct	108.1	+3.8	310
Nov	109.2	+1.5	332
Dec	108.3	-1.5	330
1977 Jan	108.7	-2.1	324
Feb	108.7	-6.6	342
March	103.1	-4.8	354
April	104.6	-13.3	n.a.

p provisional

suggests that while the worst may be over, retail trade is now on a plateau. Shop sales were 12 per cent up in April on a year ago. The average value of sales in the first four months of 1977 was 14 per cent higher than the same time a year ago.

500 to lose jobs at BSC oil platform yard in Fife

By Peter Hill

Industrial Correspondent

British Steel announced yesterday that its North Sea platform building yard at Methil, Fife, will be closed. A care and maintenance basis this summer and about 500 men will lose their jobs.

Mr Ian Munro, chief executive of BSC, said that British Steel's subsidiary, said at a press conference that the yard would remain in business, although construction work on the site is to end in about two weeks. The labour force of about 650 would be run down to about 150 within the last week of the year.

Mr Munro said employees kept on would be involved in pursuing business and preparing bids as well as maintaining facilities.

The company, he said, was now preparing a bid for a platform jacket required by Conoco for the Murchison field.

High rates of productivity had been achieved, said Mr Munro, and in the past eight months not a single hour had been lost through industrial disputes. Platform building yards, he noted, had been existing on orders placed in 1974-75 when the oil industry had not made any major commitment since then.

All the yards are facing a bit of a precipice. But things are changing now. There has been some speculation about the future, but Methil is staying in the North Sea business.

Yesterday the EEC Commission announced that it was making grants totalling £1,053,040 available to alleviate redundancies in the United Kingdom steel industry.

A total of £1m will go to 1,325 men who have lost their jobs at works owned by the BSC group at Llanelli and Briton Ferry and 533,040 will go towards redeployment schemes for 308 men affected by closures of BSC works at Workington and Rotherham.

180 more jobs may go in New Town

By R. W. Shakespeare

More trouble has arisen over another threatened factory closure at Skelmersdale New Town, Lancashire, where unemployment is already running at more than 20 per cent, after the closure of Courtauld's big weaving mill at the end of last year.

The latest shutdown has been announced by Potter and Brumfield (P&B), a company that makes electrical relays. It plans to close the factory in August to close the factory in August with the loss of 180 jobs.

Yesterday all shop floor workers were sent home because of a continuing "sit in" by eight women members of the white collar union ASTMS.

They are continuing action started earlier by members of the Amalgamated Union of Engineering Workers in support of demands for better severance terms. The sit in is aimed at preventing any finished goods from leaving the factory.

Yesterday the 8 women, all married with children, claimed that they had been locked into the factory by the management over the weekend. They said that since 9 pm on Friday their only contacts outside the factory had been by phone or through an iron grating in the factory wall because management had locked all the doors.

The sit in began last week after the collapse of talks on severance pay between the management and union representatives.

In December the Courtaulds shutdown at Skelmersdale meant the loss of more than 1,000 jobs and this followed the earlier closure of another big factory, the Thorne group's colour television tubes plant.

These closures have turned the new town into one of the country's worst unemployment black spots.

Textile union leaders have approached the Government for help in setting up a workers cooperative to reopen Courtauld's weaving mill at Skelmersdale.

Textile union representatives met Department of Industry officials in Manchester to discuss proposals for a workers' cooperative.

Mr Jack Brown, the general secretary of the Amalgamated Textile Union, was not prepared to explain the plans but he said that further meetings would be taking place.

Unions were upset by Courtauld's decision to shut the Skelmersdale mill which had been purpose-built, with considerable state financial aid, a decade earlier.

Whitehall aid sought over waste paper collections by councils

By Edward Townsend

Papermakers, concerned about the sharp increase in imports of waste paper, are pressing the Government to assist local authorities to restore waste collection services.

Latest figures from the Joint Waste Paper Advisory Council, which comprises mills, merchant processors and local authorities, show that in the first three months of the year United Kingdom collections were more than 31,000 tonnes below consumption levels. Imports, at almost 43,000 tonnes, were 225 per cent higher than a year earlier.

Britain exported about 11,000 tonnes of waste paper in the first quarter, a drop of a third on a year ago, but papermakers stress that had local councils continued to collect waste at 1974 levels, the country could now be a net exporter.

The council, which is seeking a meeting with ministers to air its views, is urging that the "necessary steps" be taken to remove some of the disincentives preventing local authorities from operating full waste paper collection services and to encourage expansion.

Many local councils have operated waste collection systems but only on a pilot basis and these have suffered in the drive to cut non-profit-making activities. This has occurred despite the advisory council's prediction that mill consumption of waste paper this year will total 2,250 tonnes, a rise of 9 per cent on last year. In the first quarter, waste consumption was up by 19.7 per cent.

Imports are now at their highest level and, says the council, "entail an unwarranted burden".

Local authority collections now represent less than 11 per cent of mill consumption against 15 per cent in 1975 and 18 per cent in 1970.

Britain's import bill for waste paper last year was about £5.5m, while exports brought in £2.5m.

The British Paper and Board Industry Federation maintains that using waste paper represents a saving on the balance of payments of £500m a year and provides the industry with almost half of its fibrous raw material needs.

Rubery's position as the leading producer of axle housings has been seriously eroded in recent years by imports and in-house manufacturing by Eam, its biggest customer.

The deal will provide Rubery with much-needed cash to better its declining sales and avert a hard-pressed motor business.

The transaction is complicated by the fact that Rubery already has a 20 per cent shareholding in Eam Axles, with the remaining 75 per cent owned by Eaton Ltd, the United Kingdom subsidiary of the Cleveland, Ohio, parent.

The company has recently installed modern axle housing plant at Aycliffe, Co Durham, and expanded capacity at its large plant at Pamplona, Spain. But any move to close Darlington is denied. In a statement last night Mr Frederick Hosson, managing director of Eaton Axles, Europe, said that Eaton needed further capacity in Europe and other overseas countries.

In brief

Increase in pub turnover is sluggish

A lag in the increase of public house sales compared with other outlets is indicated in the latest catering figures issued by the Department of Trade yesterday.

Turnover in public houses in the first three months of 1977 was up only 12 per cent over the same period last year, compared with an increase of 15 per cent for the industry as a whole.

Canteens' turnover went up by 18 per cent, while restaurants and cafes by 15 per cent, and licensed hotels recorded a rise of 22 per cent for the quarter.

Higher prices indicate that more drinkers are buying supplies but the latest statistics show sales are rising twice as quickly as in public houses.

Programs developed jointly by ICL and Vickers Engineering (ICL with Department of Industry support) to provide production control and management information for medium-sized engineering companies are now being marketed commercially by the computer company.

Under the system name OMAC (On-line Manufacturing Control), five modules are available which can be used with ICL 1900 or 2900 hardware.

Kenneth Owen

LETTERS TO THE EDITOR

Getting at Britain's coal reserves

From Mr R. B. Dunn

Sir, The letter by Mr Gerald Manners (May 6), in reply to mine of May 4, raises again the question of definitions in determining the extent of British coal reserves, and seeks to relate this question to the recent financial results of individual coalfields.

In view of the importance of the assessment of coal reserves in considering energy policy for the UK, some further elaboration of the position is desirable. Professor Pryor rightly points out in your issue of May 10 that economically recoverable reserves of all minerals are dynamic variables depending on many diverse factors.

During the 1960s, and up to the oil revolution of 1973-74, UK energy policy assumed that there would be no case for new mines in the foreseeable future. Thus, the economically recoverable reserves at that time were assessed as those accessible to existing collieries, namely four billion tons. Indeed, it was the intention of Mr G. Armstrong (then chief geologist of the board), in his much-quoted statement before the oil crisis, to show that, on unchanged policies, the country was running out of access to economically workable coal.

The operating reserves accessible to existing mines currently show little change from 1973 figures. However, the events of 1973-74 are now seen to have been a turning point in world energy development.

Directors are not, I think, bound to comply with the directions of all the shareholders acting as individuals.

It is for this reason that the duty of a director is owed exclusively to the company; he is not bound to act in the interests of the shareholders.

There is no legal foundation for the view expressed by the Blacklock Committee that "there is direct representation of shareholders on the board". The law remains as formulated by a Lord Justice of Appeal (1908 2 KB at pp. 105-6) in these words:

"The directors are not servants to obey directions given by the shareholders as individuals; they are not agents appointed by and bound to serve the shareholders as their principals. They are persons who may be subject to regulations imposed by the shareholders, but it is not to be said that they are trustees of the company, and if so entrusted they can be disposed of by the majority which can alter the articles."

From Mr P. H. Weston

Sir, The announcement in the trade press of a £2 million surplus levy, gathered by the Printing and Publishing Industries Training Board (PPITB), is the extortion to which I refer in my letter of May 3 that you kindly published.

Nowadays can any success of the PPITB, in perpetrating one of its courses, be maximised effect upon the unsuspecting victim by indulging so forthrightly in "Progress to Profit"?

P. H. WESTON, Managing Director, The Printing and Publishing Industries Training Board, 114 Old Broad Street, London, EC2.

From Mr P. H. Weston

Sir, Under the heading "Answers in Parliament" in *The Times*, May 2, you quote from *Hansard* the point in 1977-78 of reducing the top rate of income tax on earned income from 33 per cent to 20 per cent. This, you say, is £100m, £230m or £435m respectively.

Elsewhere in the same article we must read that the wage cost of the internal revenue department, excluding the salaries of clerks to commissioners, has increased from £126m in 1971-72 to £232m in 1976-77. In a previous issue of *The Times*, answers in Parliament given by the Treasury on 22, stating that the number of people employed in the Internal Revenue department increased from 35,745 in 1944-45 to 69,791 in 1970-71 and 82,119 in 1976-77, that is from 35,000 to 82,000 taxpayers in 1944-45 to 40 per cent of taxpayers in 1976-77.

According to *International Herald Tribune* of March 22, 2 per cent of British tax payers are now required to pay the tax collectors, and also in Great Britain there are more people in the internal revenue than in the United States, a country four times the size.

Yours faithfully, HARRY SHIPLEY, 3 Lovell Close, Hitchin, Hertfordshire, SG4 9LB.

'Meaningless' production figures

From Dr P. E. Jones

Sir, Many of us in industry greatly appreciated the two articles by Mr E. G. Wood (May 2 and 4) which pointed the way to a policy for restoring including goods produced and sold by overseas subsidiaries. Finally, some are not well-accounting and so have no make estimates solely for the purpose of the census of production returns.

The magnitude of the problem can be illustrated by taking the figure which Mr Wood quoted in his first article for the total employment in manufacturing industry in 1975 of 7,504,000 and the total sales of £35,700m. This leads to a sales per employee figure of £4.75. Industrialists know that this figure is far too high and that a true figure would be about £3.00. To get a true feel of this one only has to look at the sales per employee in the United Kingdom of 200 well known manufacturing companies and to quote just a few typical examples for 1976 one finds that for the GEC the figure is £7,524 per employee, for Pilkington £3,862, for Lucas £3,591 and for Rolls-Royce Motors £10,918.

In all these examples the sales per employee in 1976 were at least 20 per cent higher than they were in 1975 and all have performances well above the national average Mr Wood points out quite rightly that the Census of Production figures for added value wrongly include the costs of many services bought in. What he fails

A City example for Whitehall

From Mr J. Gillum

Sir, With the City as Whitehall's favourite whipping boy, we should take comfort from the speed with which the City has taken the "surrounding" Peter Jay's appointment.

This, surely, is a political "Class Reformation" and for the benefit of the less well-informed, a Class 4 transaction (Stock Exchange parlance) is one where a conflict of interest arises for example, where a director and significant shareholder of a listed company is also controlling shareholder of a business being bought by the listed company.

Such an assessment does not, of course, obviate the need for due and exploration, which will be required to indicate within the total of 45 billion tons the best prospects for a capital investment programme, and the spread at which they can be graded, into operating (ie, accessible) reserves. At any given time, this process will be greatly influenced by specific expectations of price trends for coal. The past financial position of our existing mines will be of minor relevance.

Yours faithfully, R. B. DUNN, Director General of Mining, National Coal Board, Robert House, Grosvenor Place, London, SW1X 7AR.

Clearly, therefore, the City is way ahead of Whitehall on this subject and one hopes that when Sir Harold Wilson completes his report, he will not be late in sharp contrast to the City appointment.

In this way is justice not only done but seen to be done—the latter is sharp contrast to the City appointment.

Yours faithfully, JOHN GILLUM, 114 Old Broad Street, London, EC2.

The extortion of a £2m surplus levy

From Mr P. H. Weston

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Chance to restore managers' financial motivation

From Mr P. H. Weston

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Yours faithfully, HARRY SHIPLEY, 3 Lovell Close, Hitchin, Hertfordshire, SG4 9LB.

Yarn output stagnant

Activity in Britain's cotton and allied textile industry in March, showed little change from the previous 12 months, according to the latest statistics from the Textile Statistics Bureau. The daily rate of single yarn production was marginally less than in February, but was 5 per cent greater than in the corresponding month a year earlier. The daily rate of woven cloth production was much the same in March as in February, although output levels during the month were about 1.5 per cent less than in March last year.

The Office of Fair Trading is warning all trade suppliers of photographic materials against insisting on contracts with retailers that shops adhere to fixed minimum prices in their advertising. It has been investigating the situation for some time, and has found some evidence of suppliers insisting on such minimum resale prices in an attempt to limit price cutting.

One supplier has already given the OFT a voluntary warning that it will not in future insist that retailers in supply adhere to a scale of minimum prices in their advertising.

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In all these examples the sales per employee in 1976 were at least 20 per cent higher than they were in 1975 and all have performances well above the national average Mr Wood points out quite rightly that the Census of Production figures for added value wrongly include the costs of many services bought in. What he fails

A City example for Whitehall

From Mr J. Gillum

Sir, With the City as Whitehall's favourite whipping boy, we should take comfort from the speed with which the City has taken the "surrounding" Peter Jay's appointment.

This, surely, is a political "Class Reformation" and for the benefit of the less well-informed, a Class 4 transaction (Stock Exchange parlance) is one where a conflict of interest arises for example, where a director and significant shareholder of a listed company is also controlling shareholder of a business being bought by the listed company.

Such an assessment does not, of course, obviate the need for due and exploration, which will be required to indicate within the total of 45 billion tons the best prospects for a capital investment programme, and the spread at which they can be graded, into operating (ie, accessible) reserves. At any given time, this process will be greatly influenced by specific expectations of price trends for coal. The past financial position of our existing mines will be of minor relevance.

Yours faithfully, R. B. DUNN, Director General of Mining, National Coal Board, Robert House, Grosvenor Place, London, SW1X 7AR.

Clearly, therefore, the City is way ahead of Whitehall on this subject and one hopes that when Sir Harold Wilson completes his report, he will not be late in sharp contrast to the City appointment.

In this way is justice not only done but seen to be done—the latter is sharp contrast to the City appointment.

Yours faithfully, JOHN GILLUM, 114 Old Broad Street, London, EC2.

The extortion of a £2m surplus levy

From Mr P. H. Weston

Sir, The announcement in the trade press of a £2 million surplus levy, gathered by the Printing and Publishing Industries Training Board (PPITB), is the extortion to which I refer in my letter of May 3 that you kindly published.

Nowadays can any success of the PPITB, in perpetrating one of its courses, be maximised effect upon the unsuspecting victim by indulging so forthrightly in "Progress to Profit"?

P. H. WESTON, Managing Director, The Printing and Publishing Industries Training Board, 114 Old Broad Street, London, EC2.

Chance to restore managers' financial motivation

From Mr P. H. Weston

Sir, Under the heading "Answers in Parliament" in *The Times*, May 2, you quote from *Hansard* the point in 1977-78 of reducing the top rate of income tax on earned income from 33 per cent to 20 per cent. This, you say, is £100m, £230m or £435m respectively.

Elsewhere in the same article we must read that the wage cost of the internal revenue department, excluding the salaries of clerks to commissioners, has increased from £126m in 1971-72 to £232m in 1976-77. In a previous issue of *The Times*, answers in Parliament given by the Treasury on 22, stating that the number of people employed in the Internal Revenue department increased from 35,745 in 1944-45 to 69,791 in 1970-71 and 82,119 in 1976-77, that is from 35,000 to 82,000 taxpayers in 1944-45 to 40 per cent of taxpayers in 1976-77.

According to *International Herald Tribune* of March 22, 2 per cent of British tax payers are now required to pay the tax collectors, and also in Great Britain there are more people in the internal revenue than in the United States, a country four times the size.

Yarn output stagnant

Activity in Britain's cotton and allied textile industry in March, showed little change from the previous 12 months, according to the latest statistics from the Textile Statistics Bureau. The daily rate of single yarn production was marginally less than in February, but was 5 per cent greater than in the corresponding month a year earlier. The daily rate of woven cloth production was much the same in March as in February, although output levels during the month were about 1.5 per cent less than in March last year.

The Office of Fair Trading is warning all trade suppliers of photographic materials against insisting on contracts with retailers that shops adhere to fixed minimum prices in their advertising. It has been investigating the situation for some time, and has found some evidence of suppliers insisting on such minimum resale prices in an attempt to limit price cutting.

One supplier has already given the OFT a voluntary warning that it will not in future insist that retailers in supply adhere to a scale of minimum prices in their advertising.

From Mr P. H. Weston

Sir, Many of us in industry greatly appreciated the two articles by Mr E. G. Wood (May 2 and 4) which pointed the way to a policy for restoring including goods produced and sold by overseas subsidiaries. Finally, some are not well-accounting and so have no make estimates solely for the purpose of the census of production returns.

The magnitude of the problem can be illustrated by taking the figure which Mr Wood quoted in his first article for the total employment in manufacturing industry in 1975 of 7,504,000 and the total sales of £35,700m. This leads to a sales per employee figure of £4.75. Industrialists know that this figure is far too high and that a true figure would be about £3.00. To get a true feel of this one only has to look at the sales per employee in the United Kingdom of 200 well known manufacturing companies and to quote just a few typical examples for 1976 one finds that for the GEC the figure is £7,524 per employee, for Pilkington £3,862, for Lucas £3,591 and for Rolls-Royce Motors £10,918.

In all these examples the sales per employee in 1976 were at least 20 per cent higher than they were in 1975 and all have performances well above the national average Mr Wood points out quite rightly that the Census of Production figures for added value wrongly include the costs of many services bought in. What he fails

NEDO urges wider preference for ICL

Preferential Government procurement has had an important role to play in establishing ICL as Europe's leading indigenous computer manufacturer, by helping to provide a stable home base and by raising credibility overseas, according to the National Economic Development Office's computer sector working party.

In a statement issued yesterday the working party urged a continuation and indeed an extension of the Government's preference policy towards the United Kingdom-owned industry. This should include mini-computer manufacturers.

The working party is advising the Government to consider five main points in reviewing its procurement policy. First, ICL is continuing to meet strong competition from the major American manufacturers which enjoy the benefits of a big home market and an extensive programme of military applications from which non-American companies are effectively barred.

Secondly, the French government has recently introduced a form of preferential procure-

Computer

BY THE FINANCIAL EDITOR

Cavenham—yet another ingenious scheme



Mr. John Moti, Chairman of French Kier, is still negotiating with the Department of the Environment.

James Goldsmith's reputation in the City has been poor since he was up to the neck in the last. The motives for doing the deal were frequently unclear. The convoluted structure of his empire, until recently a well-defined comprehension, and the prices at which he did the deals were sometimes open to question.

With Cavenham, Sir James had the opportunity to put out of things right. Blinding for the minority had logic in its own way, and after the failure of the first bid in January, might have been seen as offering a fair terms.

That chance has now been lost. Instead of a straightforward cash offer, Sir James has come up with yet another ingenious scheme. The terms may not be fair, and the reasons for a partial bid may or may not be valid, but it is certain that they will confuse shareholders and breed yet more suspicion. Sir James will use no new friends with this, but will deepen all the old and mistrust that have accumulated over the years.

If the stock were to prove as volatile as some brokers fear, it would become a trading stock which in turn would be bound to accommodate fears of manipulation of the Treasury bill market. It is worth to prove stable, the most obvious potential market must be the banking system with its floating rate liabilities. The key question for investors in general, however, will probably be as to whether the stock really offers the best available income protection when interest rates are rising.

Whether or not rates have, fact, bottomed out, the gilt market need not necessarily be the launch of the "floater" as a sign that the way is over the Treasury is taking in terms of refunding rather than raising new money, and the leading proponents of the variable-rate bonds, however all, been pressing for the authorities to test run the variable rate concept before it is really needed. This is precisely what the authorities now appear to be doing.

The test run is, of course, needed not only for the buyers, who have to get used to a new idea, but also for the seller, who is anxious to get a feel of the potential buyers and the kind of price those buyers are prepared to pay, and the kind of effect a "floater" could have on other stocks and general market management.

Hence the novel approach to the launch, with the idea of public issue put aside in favour of the Government broker operating the stock as a "tap" from the world go.

As far as the coupon on the new stock goes, the authorities appear, quite wisely, to have shied away from any idea of an historic coupon fixed at the start of a given period (as with the EC issue and most Euro issues) in favour of something closer to a current floating rate.

In other words, it seems that a coupon will be pegged to the weekly treasury bill rate and that weekly interest will be paid over the period between dividend payments. This keeps the interest rate as close as possible to current market rates over the period between dividend payments. But does leave some technical problems to be ironed out, notably in relation to the period between the moment when a stock normally goes ex-dividend and the actual payment of the dividend.

It is also meant to be the interest will stand depending on the movement of interest rates, so getting to more than the average rate of interest over a 12-month period.

profit of £3.1m compared with a loss of £1.5m. The shares have come up from 9p to 25p since the day before the interim figures and if the spectacular rise is already in the past, the partial restoration of the dividend leaves scope for further improvement.

Final 1976 (1975)
Capitalization £11.9m
Sales £156.1m (£169.8m)
Pre-tax profit £3.08m (£1.3m)
Dividend per share 1.6p (1.3p)
Dividend gross 0.76p (0.63p)
Less:

Building societies Famine to feast

Building societies' traditional reluctance to alter interest rates has been accentuated by the lack of external interest rate adjustments in recent months. On the way up increases in external rates helped create the mortgage famine as funds abandoned the societies. Now, on the way down, the societies are submerged beneath a monthly net inflow of nearly £500m.

Demand for mortgages is increasing, and the societies themselves talk of the need for a monthly inflow of £500m to maintain healthy growth. But the take-up of mortgages is unlikely to match the inflow of cash in the next few months and, added to the societies' unwillingness to be accused of sparking another house price explosion, a fair proportion of the additional inflow must find its way into the gilt market.

In the light of the current steep yield curve in the gilt market and the societies' statutory restrictions on gilt purchases, stockbrokers James Capel argue that the bulk of the societies' overflow of funds will be put into 5 to 15-year stocks. The overflow may not be dramatic, but even relatively light additional new buying could have a disproportionate effect on prices, now that the weight of institutional interest has switched to equities.

Corporation stocks More to come

The £15m stock issue announced by the Borough of Sunderland yesterday is the first in the corporation sector since the middle of March, but it is not by any means likely to be the last. Central government's attempt to persuade the authorities to buy government bonds has already paid off in a crop of longer-dated "yearling" bonds, but this only touches the tip of the iceberg of short-dated borrowings.

Sunderland was yesterday quite specific that the proceeds of the issue were to be used to replace matured borrowings, but it is not clear whether the corporation has already borrowed to meet authorized capital expenditure, and the wonder of the situation really lies in the fact that we have not seen more such issues through the spring. This might be because interest rates were falling so fast that there was a temptation on the part of council treasurers to hold off until they hit their most favourable level. If so, such penny pinching may prove to have been unwise, for the queue for corporation stock issues now apparently stretches to the end of the year.

Sunderland itself, a 12½ per cent issue dated 1984 and priced at 1994 for a running yield of 12.54 per cent and a 12.4 per cent redemption yield, seems likely to get off to a reasonable start. The yield is a couple of points better than that available on the nearest comparable gilt, Treasury 12 per cent 1983.

Iron and Steel Community Council, which is supposed to protect the interests of steel using industries. This will renew his acquaintance with the steel industry, for as Minister of Power at the time of nationalization he was responsible for the late Lord Melchett's becoming the first chairman of the British Steel Corporation.

He will be expected to chair the organization's meetings (he gets expenses only) and will be leading a BISC team to the British Steel Corporation. The council has lost some steam, first with the untimely death of former chairman Jack Frye and then with the resignation earlier this year of Lord Tidd, its secretary. John Safford, the new secretary and a former NEDO official, is determined, however, to make the organization more prominent and evidently thinks Sir Richard a useful ally.

Sir Richard will continue as chairman of the Newspaper Publishers' Association but can expect to find himself elected to one of the two seats held by the BISC on the European Coal and Steel Community's Consultative Committee. The EEC is becoming increasingly important to the steel industry, and so Sir Richard will undoubtedly be seeing more of Brussels.

Glitter rock

Louis Gérard will be making quite a splash in the City tonight when £30m worth of more, of his creations are

Between a quarter and a third of wages council employers have been found by inspectors to under-pay some of their workers

No let-up in the low wage 'blitz'

The Low Pay Unit continues to build up pressure on the Government to make employers observe the statutory pay minima fixed by wages councils for three million employees. Eighty MPs, some from all parties, have signed a House of Commons early day motion, sponsored by Mr. Jeffrey Rooker, Labour MP for Perry Barr, Birmingham, supporting the unit's aims.

Mr. John Grant, the responsible parliamentary under-secretary at the Department of Employment, is not less anxious to make the wages council orders effective, if he can discover how to do it. He has been having talks with representatives of the TUC, the Confederation of British Industry, the Retail Consortium and the chairman of wages councils to see what they can suggest.

The position has been getting worse in the past few years. Between a quarter and a third of employers have been found by inspectors to under-pay some of their employees and one in seven of the workers had been underpaid. In other words, probably substantially more than 100,000 of the 418,000 employees in the industries covered are consistently breaking the law and more than 400,000 workers are getting less than the low minimum rates and holiday pay to which they are legally entitled.

The minimum pay in retail food shops outside large cities in England and Wales is £30.30. In unlicensed restaurants it is £27.92, to be increased by £2.50 under a Stage Two settlement next month.

There are 130 wages inspectors who aim at visiting 71 per cent of the establishments each year so that, on average, an employer might expect a routine visit once every 13 years, but the quota has not been reached in the last couple of years. It takes a lot of visits to cover many workers, because the concerns employ on average only seven or eight, and the inspectors tend to pay most attention to the larger ones.

The most obvious step to improve the position is to increase the number of inspectors. The Low Pay Unit has consistently pressed for this, comparing the number with the larger force of social insurance inspectors. The TUC also favours it.

Mr. Grant would certainly like more and will no doubt do what he can to get them, but present limits on government spending are an obstacle. Indeed, he is relieved that he has not been faced with a reduction in the number of inspectors.

The position will be slightly, but only slightly, eased by the coming abolition of the Road Haulage Wages Council and by the transfer of responsibility for the disabled persons quota to the Employment Service Agency.

Mr. Grant tentatively suggested the possibility of raising funds to pay for a larger inspectorate by imposing a levy on defaulting employers or on wages council employers generally, while pointing out that this would depart from the general principle that the state pays for the enforcement of the law. This idea retained short shrift when he put it to employers' organizations and even the TUC was against it.

Only the Low Pay Unit, when it heard of it, thought it might be worth further consideration. But the cost of collection might be greater than the proceeds.

If the inspectorate cannot be increased, can better use be made of it? A clause in the Employment Protection Act, which gives the Secretary of State power to require a wages council employer to provide relevant information, could help inspectors to know where to direct their attention. A questionnaire has been drafted and is being sent out.

Last autumn, Mr. Grant experimented with saturation inspections, which became known as the "low pay blitz". In 23 medium-sized towns, concentrating on shops, restaurants and public houses, where offences were thought most likely. The department's worst fears were realized, it said, when it became clear that a third of the employers visited were either unaware of, or had

misapplied, the regulations. More than a quarter had been under-paying and owed almost £10,000 to the 1,500 employees covered.

The blitz achieved the publicity, which was one of its objectives, with some embarrassing results. The number of individual inquiries increased until by December there were 28,000, twice the usual number—all of which had to be dealt with, though one-third came from workers not covered by wages councils.

There will be more blitzes. The Low Pay Unit has pressed for more prosecutions and a higher level of fines. It is not usual to prosecute for first offences, except in very bad cases, and even with second offences there is often difficulty in getting workers to give evidence against their employers. In any event the preparation of cases takes up a lot of an inspector's time.

There were only three prosecutions as a result of the blitz and three other prosecutions are expected shortly. It has been decided that inspectors should make a larger number of second visits, which presumably will uncover more second offences and so lead to somewhat more prosecutions. Efforts are also being made to overcome the difficulty of getting evidence.

While the maximum fine, though recently increased, is

still only £100, offending employers may face large sums in arrears of pay.

The practice of not normally prosecuting first offenders is generally accepted because it is realized that a large proportion of employers and employees are unaware of the wages council system and when they are aware of it, fail to understand the complicated orders. When Mr. Rooker and his friends were seeking support for their Commons motion, they found that not all MPs were aware of the existence of wages councils.

The first priorities must therefore be to make wages councils known and to simplify their orders, which have become even more complex since the incomes policy began. The blitz helped to make the councils known. Half a million copies were produced of a simple leaflet informing wages council workers of their rights.

Mr. William Kain, director of the Multiple Shops Federation, suggested that in wages council industries the obligatory written contract of employment should include a reference to the worker's rights under the system.

The main problem is not to punish deliberate law-breakers, but to inform the ignorant and usually well-meaning.

Eric Wigham

Arthur Burns: the second most influential American?

Frank Vogl

Dr. Arthur Burns looks the sort of man a Hollywood film director would cast as an elderly university don. His suits are usually rather rumpled, his pipe is constantly clenched between closed lips, his eyes are always alert behind his thick-rimmed spectacles and his thick grey hair is invariably parted neatly down the middle in a style fashionable half a century ago.

The chairman of the Federal Reserve System hardly looks like the tough, cunning and skilled politician that he is. He is often hard to imagine him, when he is standing somewhat awkwardly at a cocktail party or diplomatic reception, as the man who according to a recent opinion poll is the second most influential American.

His often slow and gentle manner, like his appearance, is deceptive as most Congressmen, businessmen and even his own advisers are only too quick to note.

Dr. Burns was appointed to his present office by former President Nixon and his position was strengthened by former President Ford. He has had surprisingly little difficulty in moving with speed to the centre of President Carter's court. Mr. Carter said constantly during his presidential campaign that he wanted to appoint his own chairman, but he now seems just as eager as his predecessors at the White House to receive Dr. Burns's advice.

He has managed to win the full confidence of the new President without moderating in any way the crisp Republican Party views in which he firmly believes. If the Republicans have one effective economic policy spokesman these days it is Arthur Burns, who, for example, can claim more credit for President Carter's recent decision to abandon his \$11,400m tax rebate stimulus programme than can all the Republicans in Congress put together.

The Fed chairman has been an outspoken critic of the new administration, but, as so often in the past, he has won respect because his criticisms are always constructive. He does not limit himself to matters that

growth targets, and he has done so in ways that have left the Fed stronger, rather than weaker.

He has, of course, made numerous blunders, most particularly, perhaps, his swift adoption of extremely tight monetary policies in 1974, which probably resulted in the recession being deeper and longer than might have been the case. But at that time he accurately sensed the degree of support he could obtain from the then Republican administration for his policies, which ensured that his own position was secure.

He is a fighter—and a shrewd one at that—and his ability accurately to gauge the moods of his political masters, be they in Congress or in the White House, has ensured his survival and rising influence—so much so that there is now serious speculation that President Carter might ask him to remain as chairman of the Fed when his seven-year term ends next February (his term as one of the governors of the Fed does not end until 1981).

The strength of his position at home has undoubtedly added to his international prestige, which has to some extent been enhanced by his ability to survive longer than most of his foreign contemporaries. The central bank chiefs still meet

regularly at the Bank for International Settlements, but for the most part the participants at these meetings are younger than those who sought to guide the monetary system through the chaos of the early 1970s.

Dr. Burns, who was 73 at the end of last month, must not doubt miss the company of Lord O'Brien of Britain, Edwin Stopper of Switzerland, Olivier Wormser of France, Karl Klassen (just retired) of West Germany and Guido Carli of Italy, at the sumptuous dinners at Basle's Euler Hotel.

Dr. Burns has been open to new and novel ideas in the international area and his lack of strong doctrinaire views

has allowed him to take in his stride the moves away from gold, the devaluations of the dollar and the floating of exchange rates, that he directly played a key role in instigating.

He has won for himself a special position of respect among European political leaders. Mr. Callaghan, for example, or Mr. Mitterrand, or Helmut Schmidt, each think of Dr. Burns as a close personal friend. This makes him a valuable diplomatic asset for the United States that American Presidents have swiftly recognized, with the result that Dr. Burns has a travel schedule that would exhaust most men.



Arthur Burns, Chairman of the Federal Reserve System.

A.N.Z. GROUP HOLDINGS LIMITED

(Incorporated in the State of Victoria, Australia with limited liability)

HOLDING COMPANY FOR AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Half-Yearly Profit and Dividend

The directors of A.N.Z. Group Holdings Limited announce an unaudited, consolidated profit after tax, excluding extraordinary items, for the half-year ended March 31, 1977 of \$A21,816,000. This is an increase of \$A4,580,000 or 26.8 per cent compared with the previous corresponding half-year.

After extraordinary items, the consolidated profit for the half-year was \$A22,483,000 compared with \$A18,311,000 for the 1976 half-year. Details of the consolidated result for the half-year ended March 31, 1977 are set out below.

The directors have declared an interim dividend of 8c a share for the year to September 30, 1977 (1976—4.7 pence net, equivalent to gross rate of 7.23%). It is payable on July 8, 1977 to shareholders registered in the books of the company at the close of business on June 13, 1977.

Dividends payable to shareholders on the London and Wellington registers will be converted to local currency at the appropriate rate for telegraphic transfers on June 13, 1977 and transfers must be lodged before 5 p.m. on that date to participate. The new issue shares will participate to the extent of one half of the interim dividend.

	Half-Year to 31/3/77 \$A'000	Half-Year to 31/3/76 \$A'000	Percentage Movement
Net banking profit after taxation and after eliminating inter-company transactions	10,810	8,230	+31.3
Net profit after taxation from non-banking sources	11,006	9,008	+22.2
Group profit before extraordinary items	21,816	17,238	+26.6
Extraordinary items (net)	667	1,075	-38.0
Group profit after extraordinary items	22,483	18,311	+22.8
Income			
—Banking Companies			
—(Banking Act basis)	198,861	171,207	+16.2
—Non-banking companies Taxation	69,073	65,276	+5.8
—Banking Companies (Income, land and other taxes)	12,620	9,896	+27.5
—Non-banking companies (Income tax)	9,383	6,075	+54.5
Depreciation including amortisation	7,026	5,709	+23.1

The above figures are unaudited and are based on exchange rates ruling at March 31 in each year. The 1976 half-year banking profit includes a net charge for deferred tax on Trading Bank global profits adjusted to a U.K. tax basis. This charge is not applicable to the 1977 half-year in view of the change in the Group's country of residence status. 60,087,278 ordinary shares were on issue at March 31, 1977 and a further 12,017,458 shares have been issued since that date.

Notes: A.N.Z. Group Holdings Limited was incorporated in Victoria on April 15, 1976 and, under the Scheme of Arrangement dated June 11, 1976, Australia and New Zealand Banking Group Limited and its subsidiaries became wholly owned subsidiaries of A.N.Z. Group Holdings Limited. Comparative figures for 1976 cover the position when A.N.Z. Group Holdings Limited was the parent company for the Group.

Business Diary: BL's MacGregor • Sir Richard returns

he news that Ian MacGregor, stepping down first as chief executive and then as chairman of Amax, the United States steel company, raises the question: is he the next chairman of British Leyland?

He is a director of British Leyland and is clearly available in October. It is said, not confirmed, that he was one of the people invited to and as chairman upon the death 18 months ago of Sir Ronald Edwards.

At that time, so the story goes, MacGregor still had a couple of years of contract to go, and Amex were not amused at the idea of his leaving early. The British Leyland job thus went to Sir Richard Dobson, striking chairman of British American Tobacco.

Sir Richard began to look as he was regretting his acceptance as the toolroom strike godfather and then dragged on. His chairmanship is pending. He now seems to take the view that the board

should stick together even if the majority were against him. He might be willing to hang on for another year, unless, of course, there were a suitable successor in the wings and therefore no need for an emergency search for his replacement.

MacGregor, a Scot, would make a most interesting choice—assuming that Leyland survives to have another chairman. His selection would give some clue to government intentions, for he has a reputation as an astute businessman.

His directness would be useful if the Government were determined not to pussyfoot about with British Leyland, but could work either way: he can cut through to the heart of a company's problems and can inspire loyalty, but he could also antagonize the members. He was undersecretary for industrial relations in the United States. He showed that he was looking for things to do in retirement, but as for Leyland he said he would cross that bridge when he came to it.

He has a house in Scotland but is not domiciled there for tax reasons. For the first five years of his retirement he will also have a \$8,000-plus consultancy with Amex, which will take up to a third of his time.

Steelman

The former chairman of British Rail Sir Richard Marsh, is once more to stir the pot in the water that is the public sector. This time it will be as a customer, rather than as a supplier.

Sir Richard has agreed to become chairman of the British

Iron and Steel Community Council, which is supposed to protect the interests of steel using industries.

This will renew his acquaintance with the steel industry, for as Minister of Power at the time of nationalization he was responsible for the late Lord Melchett's becoming the first chairman of the British Steel Corporation.

He will be expected to chair the organization's meetings (he gets expenses only) and will be leading a BISC team to the British Steel Corporation.

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Glitter rock

Louis Gérard will be making quite a splash in the City tonight when £30m worth of more, of his creations are

inflation, corner: Marks and Spencer is removing the automatic coin dispensers from some of its stores, as many customers are now handing over £5 notes instead of £1 that it is quicker to give change by hand.

"modelled" by celebrities in The Night of a Million Jewels at the Mansion House. The work of the Parisian jeweller has been made available for a fund-raising evening in aid of the Save the Children Fund, which will be attended by Princess Anne, the president of the fund. The Lord Mayor and Lady Mayores, Sir Robin and Lady Gillett will receive the guests.

There is solid business sense behind all the rubber-socking however. Gérard, who recently opened a salon in London and is willing to undergo the risk and expense of transporting the collection (and insuring it at Lloyd's) for the showcase the royal function gives him.

He was general manager of the jewellers Van Cleef and Arpels until eight years ago, when he set up his own firm with the financial backing of the late Roger Bellon, the French chemicals industrialist. Gérard (up to £2.5m for a ruby earring and necklace set) told Business Diary yesterday: "There are fabulous fortunes everywhere. Arabs are only a small part of my business."

He says he is a jeweller not for the money but to feed his passion for working in and with the best. The only jewelry he wore yesterday, apart from the "house" watch and lighter he gives to soothe the business of the women who buy his crea-

tions, was a pair of gold cufflinks his wife gave him on their marriage 30 years ago.

On-the move

Harrison Tempest, the former FBI agent who has been running the British and Scandinavian operations of First National Bank of Chicago from London, is moving back to the United States. But First Chicago is sticking to its tradition of recruiting them young for the London job: replacing Tempest, who is 39, is Bob Yohanan, a Chicagoan of 37.

London has always been important to First Chicago ever since Cayford Freeman, a former chairman, made it clear that he thought rising stars should do a stint on this side of the Atlantic.

Under Tempest, First Chicago has acquired a reputation for aggression, opening branches in places like Leicester and Newcastle which other foreign banks have eschewed. He also brought the Scandinavian operations under London control.

He is leaving First Chicago to join his former chief, Chauncy Schmidt. Schmidt narrowly failed to get the chairmanship of the bank in succession to Freeman and left to head the Bank of California, recently the subject of an abortive bid from Standard Chartered Bank. Yohanan's personal style is expected to be rather more subdued than that of Tempest. His most recent job within the bank has been control of liability management and foreign banking department.

§ Forward bargains are permitted on two previous days.

[illegible]

